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General

Spokesman Comments on Russia, Nuclear Test

HK0810034093 Beijing CHINA DAILY in English
8 Oct 93 p 1

[By staff reporter: "Pledge on Friendly Sino-Russian Ties"]

[Excerpt] China is ready to develop friendly relations with Russia, no matter what domestic changes take place there, a foreign ministry spokesman said yesterday.

But the State was very concerned about its recent upheavals, Wu Jianmin told a weekly news briefing in Beijing.

He said China hoped its neighbour would remain stable and united.

But no matter what, it would continue to develop mutually beneficial and friendly relations, based on the principles contained in the Sino-Russian Joint Declaration.

Wu also discussed Tuesday's [5 October] nuclear test. He told reporters the Chinese Government had always exercised the utmost restraint in nuclear testing.

China carried out fewer tests than any other nuclear countries, he said.

And he added that China pledges to take an active part in negotiating a comprehensive nuclear test ban treaty and to work together with other countries trying to conclude the treaty by 1996.

Wu said that China believes that parallel negotiation by all nuclear nations aimed at concluding an international convention against first-use of nuclear weapons or the threat of their use against non-nuclear states is of even greater significance. [passage omitted]

President Clinton Sends More Troops to Somalia

OW0810004293 Beijing XINHUA in English 0001
GMT 8 Oct 93

[Text] Washington, October 7 (XINHUA)—U.S. President Bill Clinton announced here today that he had ordered 1,700 additional troops and 104 additional armored vehicles to reinforce the U.S. forces in Somalia.

"I've also ordered an aircraft carrier and two amphibious groups with 3,600 combat Marines to be stationed offshore," Clinton said in his nationally televised address from the Oval Office.

"We need more armor, more airpower, to ensure that our people are safe and that we can do our job," he claimed.

At the same time Clinton announced that "all American troops will be out of Somalia no later than March 31, except for a few hundred support personnel in non-combat roles."

Clinton stressed that those forces will be under American command.

The president described their mission as the following:

"First, they are there to protect our troops and our bases. We did not go to Somalia with a military purpose.

"Second, they are there to keep open and secure the roads, the port and the lines of communications that are essential for the United Nations and the relief workers to keep the flow of food and supplies.

"Third, they are there to keep the pressure on those who cut off relief supplies and attack our people, not to personalize the conflict but to prevent a return to anarchy.

"Fourth, through their pressure and their presence, our troops will help to make it possible for the Somali people, working with others, to reach agreement among themselves so that they can solve their problems and survive when we leave."

Clinton said the United States is committed to getting this job done in Somalia "not only quickly but also effectively."

"To do that," he added, "I am taking steps to ensure troops from other nations are ready to take the place of our own soldiers."

Clinton believed the United States will need up to six months to complete these steps and conduct an orderly withdrawal.

Clinton also stress the importance of pursuing new diplomatic efforts to help the Somalis find a political solution to their problems.

"That is the only kind of outcome that can endure, for fundamentally the solution to Somalia's problem is not a military one, it is political," he said.

He urged leaders of the neighboring African states, such as Ethiopia and Eritrea, take the lead in efforts to build a settlement among the Somalia people that can preserve order and security.

Kenya Urges U.S. Forces To Remain in Somalia

OW0710175293 Beijing XINHUA in English 1715
GMT 7 Oct 93

[Text] Nairobi, October 7 (XINHUA)—Kenyan President Daniel arap Moi today appealed to the United States not to withdraw its forces from Somalia until the time that security will have been restored in that country.

President Moi made the appeal when officially opening the West Pokot Show in Kapenduria, western Kenya.

He said if the U.S. forces are pulled out from the United Nations operation in Somalia, the calamities and sufferings to the Somali people will get worse.

There are about 50,000 U.S. soldiers in the war-torn Somalia as the main forces of the United Nations operation in that country.

Last week, at least 12 American soldiers were reportedly killed and 80 others injured in Somali militiamen.

First International Film Festival Opens*OW0710175093 Beijing XINHUA in English 1514
GMT 7 Oct 93*

[Text] Shanghai, October 7 (XINHUA)—The first international film festival opened here this evening in Shanghai, birthplace of China's film-making industry.

More than 400 film stars, directors, film makers and distributors, as well as about 200 Chinese and foreign journalists, attended the opening.

According to a spokesman with the festival, 19 selections from 21 countries and regions were nominated for "golden wine vessel" prizes, which feature best films, directors, actors and actresses and a special prize of the appraisal committee, at the eight-day festival.

At the same time, another 145 films sent by 33 countries and regions will be shown at the festival.

Other events, such as a film fair, a review of Shanghai films, and screenings of selected films of well-known Chinese and foreign directors, will also be held during the festival, according to the spokesman.

United States & Canada**Beijing Places Order for Two Boeing Airliners***OW0610120193 Beijing XINHUA in English 1040
GMT 6 Oct 93*

[Text] Beijing, October 6 (XINHUA)—China Aviation Supplies Corp. yesterday signed a contract with the United States Delta Aviation Corp. in Beijing to buy two Boeing 737-300 passenger planes. The deal is valued at about 60 million U.S. dollars.

The two jetliners, which have been ordered for China Xinhua Airlines, are equipped with two wing engines and 144 passenger seats. Under the contract, the two planes will be delivered to Xinhua airlines in November this year.

China Xinhua Airlines ordered three Boeing 737 airliners last year, one of which was delivered in April this year and has already started business operations.

XINHUA Reports on U.S. Economy*OW0710171493 Beijing XINHUA in English 1607
GMT 7 Oct 93*

[By Wang Nan]

[Text] Washington, October 7 (XINHUA)—With health care overhaul, government reform and a free trade pact, observers here still believe that something is missing on the agenda of the Clinton administration.

The focal point, observers say, is to develop and deliver a comprehensive competitiveness strategy that the White House now seems to be neglecting.

"The administration should not allow fundamental investment goals to become subordinated to the new triad," said the report released by the Bipartisan Competitiveness Policy Council on Wednesday [6 October].

The council, an independent national commission with over 200 participants, advises the President and Congress on improving the country's competitiveness. The new report is the third of its kind.

Although the triad has impacts on the competitiveness of America, the council said, necessary reforms in education and training, export promotion, infrastructure and technology should not be ignored.

If there is something wrong with the U.S. economy, still regarded as the most efficient in the world, observers say, it is the country's declining competitiveness and productivity in some key manufacturing areas.

From 1973 to 1991, the U.S. productivity grew by only 0.7 percent a year, lagging behind most other industrial nations. The country has the lowest investment rate among major industrial nations.

Most of the U.S. economic growth was financed by debt, now at four trillion U.S. dollars. Its federal deficit eats up virtually all national saving. Its merchandise trade deficit totals one trillion dollars.

Laura D'Andrea Tyson, chair of the Council of Economic Advisers said, "a country cannot compete effectively unless its human resources are world class, and ours are falling toward the bottom of the league."

The U.S., noted Fred Bergsten, director of the Institute for International Economics (IIE), "must adopt a comprehensive competitiveness strategy, and each key component of the problem must be addressed."

Competitiveness is a country's ability to produce goods and services that meet the test of international markets while its citizens earn a standard of living that is both rising and sustainable over the long-run.

Campaigning for presidency last year, Clinton argued that boosting investment in people, technology and infrastructure, both public and private, is the key to improving the country's productivity, international competitiveness and standards of living.

Regrettably, observers say, the debate earlier this year over a short term fiscal stimulus, which did not survive Congress debate, distracted the administration and the country from the issue of competitiveness.

Among the victories the administration has scored, according to Peter Peterson, chairman of the Blackstone Group, was the Budget Deficit Reduction Plan, which he said will increase national savings, boost interest rates, enhance investment, and make the country more competitive.

"The high level of government dissaving contributes to raising interest rates which discourages job-creating private investment," Peterson said.

However, as to worker training, which the government talked a lot nowadays, economists saw little progress. A new legislation, they say, is urgently needed to enhance investing in human resources.

"There is not a clear follow-through in a number of key areas like human investment and technology policy," said Erich Block, a member of the Competitiveness Council. "The government also lacks clear articulation."

Economists looked at the government's recent efforts in promoting health care reform and reinventing government as part but not all of the broad plan to strengthen America's economic competitiveness.

The U.S. Government recently intervened in foreign exchange markets to support the dollar. It also eased export controls on super computers, and took initiatives to bolster domestic auto industry.

"Trade promotion is particularly critical for the American economy because it can provide new markets that will create high-paying jobs in the short run and spur new private investment to meet," said John Murphy, chairman of the Dresser Industries Inc.

In its 1992 report, the Competitiveness Policy Council warned that America's economic competitiveness is eroding "slowly but steadily".

On Wednesday, in its third report, the council, which seeks to increase the growth of national productivity from less than one percent annually to at least two percent by the year 2000, turned a bit upbeat.

To be sure, there is some good news. The U.S. productivity growth rebounded strongly last year. The country's economic recovery is clearly underway. The equity markets have hit record highs.

"The problem has been developing for two to three decades. It will take some time to restore America's competitiveness," Fred Bergsten, the IIE director, said. "The time is right for the administration to get back to basics."

Canadian Overseas Chinese Visit Heilongjiang
SK0810040093 Harbin HEILONGJIANG RIBAO in Chinese 21 Sep 93 p 1

[By reporter Dong Shi (5516 2514): "China-Visiting Team of Overseas Chinese Leaders Residing in Canada Calls on the Provincial People's Congress Standing Committee and the Provincial Government"]

[Text] Upon the invitation of the Overseas Chinese Affairs Committee under the National People's Congress, the eight-member team of overseas Chinese leaders residing in Canada arrived in Harbin on 20 September for a two-day visit.

Qi Guiyuan, vice chairman of the provincial people's congress standing committee, greeted the team at the airport.

It is learned that at present there are more than 600,000 overseas Chinese and Chinese people in Canada. Invited to visit China this time are major responsible persons of major patriotic overseas Chinese groups in Canada, including Mr. Yu Hongrong, common chairman of the

All-Canadian Federation of Overseas Chinese, Mr. Chen Bingding, executive chairman of the federation, and Mr. Zheng Yuheng, central chairman of the Chinese Cultural Center in Canada. For most of them, it is the first trip to Heilongjiang.

On the afternoon of 20 September, this team paid an official call to the provincial people's congress standing committee.

Present at the call were Sun Weiben, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee; and Li Genshen, Qi Guiyuan, Du Xianzhong, Zhu Dianming, and Zhao Jicheng, vice chairmen of the provincial people's congress standing committee.

Sun Weiben briefed the team's leaders on Heilongjiang's natural resources, trade situation, and the friendly cooperation with Canada. He said: Many of Heilongjiang's scientific, technological, and trade cooperation projects with Canada have benefited from the help of overseas Chinese in Canada. Mr. Chen Bingding and other persons here are old friends who have helped Heilongjiang.

Chen Bingding said: Today, as soon as I departed the plane, I felt that Harbin was very similar to Canada in style, particularly in weather and natural resources. Thus, there is great potential in cooperation between the two sides.

Yu Hongrong said: The friendly relations between Heilongjiang and Canada Alberta Province have lasted 12 years. The Chinese people in other provinces of Canada are also concerned with the cooperation with Heilongjiang. Overseas Chinese groups in Canada are willing to act as a go-between.

This team also paid an official call to the provincial government on the afternoon of 20 September.

Vice Governor Chen Yunlin thoroughly discussed with the team leaders specific possible cooperation projects in agriculture, forest, power, and the iron and steel industries.

Central Eurasia

Anpoliv Arrested; Minister Cited on Fatalities
OW0710161793 Beijing XINHUA in English 1554 GMT 7 Oct 93

[Text] Moscow, October 7 (XINHUA)—Viktor Anpoliv, one of the organizers of the recent armed rebellion against President Boris Yeltsin in Moscow, was arrested today.

Anpoliv did not resist when police arrested him in a country cottage near Tula, 180 kilometers south of Moscow, a regional security officer was quoted as saying by local media.

Anpoliv, who is also the leader of a diehard workers movement in Moscow, carried no weapons but was wearing a bullet-proof vest, the unidentified officer said.

Ilya Konstantinov, another organizer of the rebellion, is still at large.

Interior Minister Viktor Yerin described as nonsense claims that hundreds lay dead in the White House (parliament) which was pounded by government forces backing Yeltsin last Monday [4 October]. He said only 49 bodies have been recovered from the ravaged building.

Official reports today state that more than 150 people, including some supporters of Yeltsin and several foreign media representatives, were killed in the two-day armed rebellion, led by the defiant parliament.

Moscow's Death Toll Reaches 142

*OW0710164093 Beijing XINHUA in English 1627
GMT 7 Oct 93*

[Text] Moscow, October 7 (XINHUA)—The death toll in the recent bloody conflict in Moscow has reached 142, while injuries numbered 744, the INTERFAX news agency reported.

The agency quoted a deputy minister of public health as saying that 47 dead bodies were retrieved today from the parliament building, or White House.

INTERFAX said that besides the 47 people killed in the White House, 42 died around the building, 20 in the Ostankino TV Center area, three in the New Arbat Street, one in the Mayor's office, one in the ITAR-TASS news agency building and others in hospitals.

Among the dead, 121 were citizens, 10 policemen, 11 army men and five interior troops, INTERFAX said.

According to local media, more than 2,000 people have been detained since the White House was captured by government troops on Monday [4 October].

Yeltsin Disbands Moscow City Parliament

*OW0710162693 Beijing XINHUA in English 1606
GMT 7 Oct 93*

[Text] Moscow, October 7 (XINHUA)—President Boris Yeltsin today ordered to dissolve the Moscow city parliament as a move to consolidate his power following the bloodshed.

At the same time, he decided that government leaders of the Russian states, autonomous regions and municipal cities be appointed by the president himself instead of being elected.

The Moscow city parliament is the first local parliament ordered to be dissolved by the president. Yeltsin said in his nationwide televised speech Wednesday [6 October] that local parliaments should dissolve by themselves.

The president has also asked the Supreme Military Court to try the organizers and participants of the rebellion, including former parliament Speaker Ruslan Khasbulatov and former Vice President Aleksandr Rutskoy.

Suspends Constitutional Court

*OW0710194093 Beijing XINHUA in English 1922
GMT 7 Oct 93*

[Text] Moscow, October 7 (XINHUA)—Russian President Boris Yeltsin today adjourned the practice of the Constitutional Court, the ITAR-TASS news agency said.

It said the Court is suspended under a presidential decree signed by Yeltsin until a new Russian constitution is adopted.

According to the decree, "The Court developed from a body of constitutional justice into an instrument of political struggle." The Court played a negative role in unleashing the recent bloodshed in Moscow, the document added.

In the decree, Yeltsin asked acting Chief Justice Nikolay Vitruk, who replaced Valeriy Zorkin, on Wednesday [6 October], to work out a plan on the forms of the constitutional justice in Russia.

The plan may include the creation of a constitutional collegium within the Supreme Court of the Russian Federation.

Yeltsin Says Pre-21 Sep Laws 'Still Effective'

*OW0810022393 Beijing XINHUA in English 0212
GMT 8 Oct 93*

[Text] Moscow, October 7 (XINHUA)—Russian President Boris Yeltsin announced today that the state laws approved by the parliament before September 21 are still effective in the country.

The president's information office issued today a decree signed by Yeltsin concerning the legal measures at the stage of constitutional reform. Under the decree, part of the laws which were worked out during the Soviet Union era and were not contradictory with the laws passed after June 12, 1990, also remain effective.

But the legislative power would be executed by the president himself before a new legislative body, namely the Federal Parliament, becomes operational.

Yeltsin dissolved the parliament on September 21 on the excuse that it had created obstacles to the economic reform, thus sparking off a violent showdown conflict between the president and the parliament.

Vice-President Aleksandr Rutskoy and parliament Speaker Ruslan Khasbulatov, Yeltsin's major rivals, were arrested after the president ordered troops to attack the White House building.

Kozyrev: Foreign Policy Remains Unchanged

*OW0810053393 Beijing XINHUA in English 0215
GMT 8 Oct 93*

[Text] Moscow, October 7 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said here today that the dissolution of the Russian Supreme Soviet would not affect the country's foreign policies, and they would be as always.

In an interview with the newspaper IZVESTIA, Kozyrev said the most important matter for the country's current political life was to establish a real and stable central government with Minister of Economy Yegor Gaydar and Prime Minister Viktor Chernomyrdin, who are economic experts.

On the Georgia-Abkhazia conflict, Kozyrev said Russia would seek to solve the issue of Abkhazia's status through political talks.

Northeast Asia

Sino-ROK Satellite Manufacturing Accord Signed
OW0610142893 Beijing XINHUA Domestic Service in Chinese 1340 GMT 28 Sep 93

[By reporter Tang Shuifu (3282 3055 1381)]

[Text] Taejon (South Korea), 28 Sep (XINHUA)—A cooperation agreement on jointly manufacturing Sino-Korean satellites for engineering test was signed here today by the Chinese Academy of Space Technology [CAST] and the Satellite Research Center at the Korea Advanced Institute of Science and Technology [KAIST].

The signing of this cooperation agreement heralds a firm step forward in cooperation between the two countries' research institutes of space science and technology, and will give great impetus to bilateral cooperation in the fields of space and industries.

Earlier, the CAST and the KAIST signed in the Republic of Korea in June 1993 a memorandum of understanding on jointly manufacturing satellites.

ROK-PRC Academic Conference Opens
SK0710135693 Seoul YONHAP in English 0805 GMT 7 Oct 93

[Text] Beijing, Oct. 7 (YONHAP)—The second South Korea-China academic conference opened Thursday in Beijing for three days of discussions on "Korea and China in the year 2000."

The 30 scholars and politicians taking part include Korean Ambassador to Beijing Hwang Pyong-tae, Chinese Academy of Social Sciences President Hu Sheng, and Jiang Chunze, director of the State Commission for Restructuring the Economy's Foreign Affairs Department.

At the meeting, jointly sponsored by the Chinese Academy's Institute of Korean Affairs and the Korean Research Center for China, papers will be presented on politics, diplomacy, economics, society and culture, and the floor will be opened up for free discussion.

Korean and Chinese scholars had their first forum in Seoul in December last year and the Institute of Korean Affairs was set up in May.

On the opening day of the conference in Beijing, the Korean participants called for a greater Chinese role and more support from Beijing for peace on the Korean peninsula and unification.

Prof. Kim Hak-chun of Tankuk University suggested in his paper that China, which has diplomatic ties with both Koreas, can play an active role in opening up North Korea and in promoting inter-Korean reconciliation.

Prof. Mun Chong-ku of Konguk University said in his paper that the two countries should develop their industrial, technological and capital partnership to prepare themselves for the emergence of an era of Asia and the Pacific. Seoul and Beijing normalized ties in August last year.

The state commission's Jiang elaborated on the Chinese-style socialistic market economy and said China would be making reforms in its investment, financial, tax and foreign exchange systems.

Southeast Asia & Pacific

Wu Yi To Visit Australian Counterpart
OW0810080793 Beijing XINHUA in English 0611 GMT 8 Oct 93

[Text] Canberra, October 8 (XINHUA)—Australian Minister for Trade Peter Cook said today that "the opening up of China appears irreversible and its long term growth prospects remain sound."

Cook made the remarks in a speech to the national conference of the Australian Institute for International Affairs in Sydney this afternoon.

He said that the reforms in China are clearly popular and that popularity is the driving force behind further opening.

Early last month, Cook visited China with a largest-ever delegation of Australian business people, the first since he took the portfolio of the trade minister.

The delegation toured Beijing where the delegation attended an Australia-China forum, Shanghai, Hangzhou and Guangzhou.

Talking of his personal impression on the current visit to China gained from discussions with central and provincial leaders, Cook said that "the changes we are witnessing in the fast growing coastal regions are irreversible."

He said of China's reining in its overheated economy that the steps taken by the Chinese Government to moderate the excessive credit expansion "are necessary macro-economic management measures."

"These measures are essential to stabilize the economy and therefore should be welcomed by all those with long term business interests in China," he said.

The trade minister also told the meeting that Australia and China have many complementarities.

He expressed his confidence that demand for Australia's traditional exports, such as iron ore and wool, will continue to grow as China's economy continues its rapid expansion.

Wu Yi, Chinese minister of foreign trade and economic cooperation, will arrive in Australia on Sunday [10 October] for the joint ministerial economic commission talks between the two countries.

Cook said that they "will develop a framework for trade and economic links between Australia and China over the next few years."

This will "ensure direct and practical high level political involvement in this developing economic relationship," Cook added.

Australia's exports to China stood at 2.3 billion Australian dollars (1.5 billion U.S. dollars) in the last financial year, with the two-way trade reaching 4.2 billion Australian dollars (2.9 billion U.S. dollars) in 1992, nearly 25 percent more than in 1991.

Power Tillers Assembled, To Be Sold in Burma

OW0710072493 Beijing XINHUA in English 0647
GMT 7 Oct 93

[Text] Yangon [Rangoon], October 7 (XINHUA)—Some 500 Dong Feng power tillers imported from China have been assembled in Myanmar [Burma] and will be sent to townships of the country on sale on October 9.

This is the first consignment out of 1,000 power tillers Myanmar imported from China, and the second consignment of 500 has already arrived at Yangon Port.

Myanmar Minister for Agriculture Myint Aung inspected the assembly of the tillers at the central stores of Myanmar Agriculture Mechanization Department on Wednesday.

Myanmar had already imported 1,663 power tillers in recent years. Being cheaper and multiple utilities, the China-made power tillers win great popularity from Myanmar peasants.

Sub-Saharan Africa

Zambian President Arrives in Beijing

OW0810110393 Beijing XINHUA in English 0849
GMT 8 Oct 93

[Text] Beijing, October 8 (XINHUA)—Zambian President Frederick Chiluba arrived here this afternoon to begin his five-day state visit to China.

Han Zhubin, chairman of the Chinese Government Reception Committee and minister of railways, and Yang Fuchang, vice-foreign minister, were at the airport to greet President and Mrs. Chiluba and senior Zambian officials accompanying them on the visit.

Chiluba is making his first visit to China at the invitation of President Jiang Zemin. It is learned that tomorrow Jiang and Premier Li Peng will hold discussions respectively with Chiluba on Sino-Zambian relations as well as international issues, including the situation in Africa.

Tanzania's Nyerere Cited on South-South Cooperation

OW0710093193 Beijing XINHUA in English 0556
GMT 7 Oct 93

[By Feng Xiuju: "Former Tanzanian President on South-South Cooperation"]

[Text] Beijing, October 7 (XINHUA)—Former Tanzanian President Mwalimu Julius Nyerere said here that the current problem of the countries in the south is how to cooperate among themselves.

In a recent interview with XINHUA, Nyerere, also chairman of the South Center, said the major difference between the south and the north is a difference in level of development.

He said, the countries in the south should pool their resources and build up their own power so as to reduce the difference between the north and the south in the areas of markets, finance and technology.

"This is a real challenge" for the countries in the south, he said.

Nyerere said if the countries in the south maximize the degree of cooperation they can increase their own capabilities for development in all these areas and reduce their dependence on the north.

Only by doing this can there be an equal relationship between the north and the south, he said.

Nyerere, aged 71, has done a great deal for the promotion of south-south cooperation and south-north dialogue. His visit to China is aimed at raising funds to turn the South Center into a permanent institution.

He quoted a South Commission report as saying that the major task of the south is to develop the economy, and improve welfare and the people's living standard.

He noted that there is now increasing cooperation among countries in the south. Cooperation among the countries in ASEAN, in particular, is good.

There is a movement in Asian countries to work together, also, he said, and there are similar attempts in Latin America and Africa.

He said China is working well and has increasing cooperation with the south.

He expressed the hope that China would continue to work for greater cooperation with the south.

On Sino-Tanzanian friendship, Nyerere said that in the late 1960s, when China's economy was still undergoing a difficult period, the Chinese leaders agreed to help Tanzania and Zambia build a railway. This was really a tremendous sacrifice on the part of the Chinese people, he noted.

Relations between China and Tanzania have always been good he said.

He pointed out that the cooperation between the two countries is mutually beneficial.

West Europe

Li Lanqing Meets Netherlands Foreign Trade Minister

OW0710140693 Beijing XINHUA in English 1337
GMT 7 Oct 93

[Text] Beijing, October 7 (XINHUA)—Chinese Vice-Premier Li Lanqing met with a Netherlands Government trade delegation headed by Foreign Trade Minister Yvonne C.M.T. Van Rooy here this afternoon.

Li said that he is optimistic about the development of Sino-Netherlands economic and trade relations.

He noted that the economies of China and the Netherlands are complementary and combining the advantages of both countries is bound to further promote the development of bilateral economic and trade relations.

He said more friends from the Netherlands are welcome to make investments and conduct cooperation in China.

Van Rooy said that she has brought a trade delegation comprising more than 30 Dutch entrepreneurs, who are expected to attend Sino-Dutch trade seminars to be held respectively in Beijing, Fuzhou and Xiamen.

This evening, Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi held talks with Van Rooy and hosted a dinner for the Netherlands guests.

Vice Premier Zou Jiahua Meets Icelandic Guests

OW0510033793 Beijing XINHUA in English 0302
GMT 5 Oct 93

[Text] Beijing, October 5 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here this morning with Halldor Blondal, minister of communications and agriculture of Iceland, and his party.

During the meeting, they exchanged opinions on issues of common concern.

Blondal and his party are here at the invitation of China's Ministry of Communications.

They are scheduled to visit Hebei and Guangdong Provinces, and Xian, capital of northwest China's Shaanxi Province.

Qin Jiwei Receives Portuguese Delegation

OW0710042693 Beijing XINHUA in English 0317
GMT 7 Oct 93

[Text] Beijing, October 7 (XINHUA)—Qin Jiwei, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), met with Melo Egidio, vice-president of the Portugal-China League of the Multi-Century Friendship, and his party here today.

The two sides had a friendly talk.

Egidio, also former governor of Macao and former chief of staff of the armed forces of Portugal, and his party arrived in China October 4 at the invitation of the Chinese People's Association for Friendship With Foreign Countries.

Wu Xueqian Meets Spanish Delegation

OW0710122993 Beijing XINHUA in English 1200
GMT 7 Oct 93

[Text] Beijing, October 7 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, had a friendly talk with Fernando Panizo Arcos, secretary of state of the Spanish Commerce and Tourism Ministry, on Sino-Spanish exchanges and cooperation in tourism.

Liu Yi, director of the China National Tourism Administration, was present at the meeting in the Diaoyutai State Guesthouse.

The Spanish visitors, who arrived here earlier today, are also scheduled to travel to Xian, an ancient city in northwest China.

Tianjin Establishes Ties With Swedish City

SK0710141193 Tianjin TIANJIN RIBAO in Chinese
24 Sep 93 p 1

[Excerpts] The agreement signing ceremony on the establishment of friendly relations between Tianjin Municipality and the Swedish city of Jonkoping was held at the municipal government yesterday evening. Mayor Zhang Lichang and Gustaf Usong [name as published], mayor of Jonkoping city, respectively signed the agreement.

Jonkoping is located in the middle of Sweden and is composed of 11 small cities with fairly developed air, railway, and highway transportation. It is a distribution center of the Scandinavian peninsula. [passage omitted]

Before the signing ceremony, Zhang Lichang cordially met with Wilander, chairman of the Jonkoping city council of representatives, and Mayor Gustaf Usong and their entourage. Zhang Lichang welcomed the Swedish guests for coming to Tianjin to sign the agreement. He said: The establishment of friendly city relations between Tianjin and Jonkoping is an affair worthy of celebration; it is of profound significance to both sides. Jonkoping city is Tianjin Municipality's first friendship city in northern Europe, playing an important part in strengthening cooperation and exchange between Tianjin and various northern European countries. Zhang Lichang said: Tianjin is more familiar with the technology and products of Sweden. The economic and trade contacts between both sides have increased unceasingly. The establishment of friendly relations between the two cities will surely promote further development of relations in various aspects. It is hoped that trade contacts between both sides will be accelerated and promoted on the present basis and that substantial progress will be made in economic contacts and cooperation between both sides. Mayor Gustaf Usong expressed that he would exert utmost efforts to promote

the development of relations of both cities, particularly cooperation in the industrial sector, learn from each other's strong points to offset weaknesses, and promote economic development in the two cities.

During the meeting, Mayor Zhang Lichang presented a gold key which symbolized the opening of Tianjin's main gate to Mayor Gustaf Usong.

Qian Qiao, vice chairman of the municipal people's congress standing committee; Ye Disheng, vice mayor; and Geng Jianhua, director of the municipal foreign affairs office, attended the meeting and the signing ceremony.

East Europe

Hungarian Military Delegation Arrives in Beijing

LD0810100893 Budapest MTI in English 0745 GMT 8 Oct 93

[Text] Beijing, October 8 (MTI)—A Hungarian military delegation headed by Col-Gen. Kalman Lorincz, commander of the Hungarian army, arrived in Beijing on Friday.

The delegation is to spend three days in the Chinese capital.

Lorincz is scheduled to hold talks with Chief-of-Staff Zhang Wannian on Friday and Defence Minister Chi Haotian on Saturday.

The delegation is to see some military units on Saturday.

Early next week, the delegation is to visit some provincial cities, including Guangzhou, Shenzhen and Shanghai.

The visit is a return for a Chinese military delegation's visit to Budapest last year, which was headed by Chi Haotian, the then chief-of-staff.

A Chinese Defence Ministry official told MTI that the Chinese side was looking forward to the visit of the Hungarian delegation, and hoped that it would contribute to the development of bilateral military cooperation.

China maintains intensive military links with several countries, he said. In the first half of 1993, fifty military delegations visited the country, while Chinese military delegations visited 20 states.

Russian Defence Minister Pavel Grachev is scheduled to visit the Chinese capital this autumn.

Ren Jianxin Meets Bulgarian Counterpart

OW0510131193 Beijing XINHUA in English 1214 GMT 5 Oct 93

[Text] Beijing, October 5 (XINHUA)—Ren Jianxin, president of China's Supreme People's Court, met with and hosted a banquet in honor of Ivan Grigorov, president of the Bulgarian Supreme Court, here this evening.

Grigorov and his party came to China at the invitation of China's Supreme People's Court. They will also visit Shanghai, Guangzhou, Zhuhai and Shenzhen.

NPC's Lei Jieqiong Meets Visitors

OW0710103893 Beijing XINHUA in English 0857 GMT 7 Oct 93

[Text] Beijing, October 7 (XINHUA)—Lei Jieqiong, vice-chairwoman of the Standing Committee of the National People's Congress (NPC) of China, met with a Bulgarian Supreme Court delegation here today.

The two sides had a friendly talk.

The delegation, led by Ivan Grigorov, president of the Supreme Court of Bulgaria, arrived here October 5 at the invitation of the Supreme People's Court of China.

The visit is the first contact between the two supreme courts, sources here said.

Political & Social

Reporter Accused of 'Stealing' Secrets, Arrested

OW0710121393 Beijing XINHUA Domestic Service in Chinese 1023 GMT 7 Oct 93

[Text] Beijing, 7 Oct (XINHUA)—A XINHUA reporter has learned of the following information from the department concerned: Hong Kong MING PAO reporter Xi Yang engaged in stealing and gathering our state banking secrets. With conclusive evidence of his activities and the approval from the People's Procuratorate of Beijing Municipality, the Beijing Municipal State Security Bureau arrested him this afternoon according to the "State Security Law of the People's Republic of China."

Earlier, the Beijing Municipal State Security Bureau arrested according to law Tian Ye, a staff member of the People's Bank of China and the principal offender in the case who illegally provided Xi Yang with state banking secrets. At Xi Yang's request, Tian Ye gathered a large number of banking secrets and illegally provided them to Xi Yang. The banking secrets stolen by Xi and Tian included a deposit and loan interest modification plan of the People's Bank of China which had not yet been published, its secret policy decision on participation in international gold trade, and other important secrets. The compromise of these secrets has caused serious consequences. The state security organs have obtained conclusive evidences of their activities which jeopardize state security, and Xi Yang and Tian Ye have confessed everything.

A responsible person of the Beijing Municipal State Security Bureau pointed out: Xi and Yang have violated the criminal law of the People's Republic of China and this is purely a criminal case, having nothing to do with normal journalism.

Li Peng Signs Ban on Nonofficial Satellite Dishes

HK0810095493 Hong Kong AFP in English 0947 GMT 8 Oct 93

[Text] Beijing, Oct 8 (AFP)—In another sign China is moving to tighten its control over information, Premier Li Peng signed an order banning individuals and businesses from using or setting up satellite dishes. The order was published in official newspapers Friday and took effect immediately.

"Individuals are not allowed to install and use ground satellite reception equipment," Article Nine said. Exceptional cases would be permitted only after receiving approval from the government, it said.

Article Eight prohibits "work units"—which include all businesses, schools, official agencies and public utilities—from setting up satellite equipment without government approval and licensing. Production, import, sales, installation and use of satellite dishes would all require government-issued licenses, the order said.

It said individuals and work units violating the order would be subject to fines of up to 5,000 yuan and 50,000

yuan respectively, while legal proceedings would be instigated against those who refused to pay the fines. Unauthorized manufacturers and retailers would be closed down, it said.

Owners of satellite equipment installed before the order was issued would have to apply for government approval, the order said. The order was issued to tighten management over satellite equipment and "promote building socialist spiritual enlightenment," the order said.

NPC Vice Chairman's Bank Savings Under Investigation

HK0810053493 Hong Kong CHENG MING in Chinese No 192, 1 Oct 93 p 19

["Reference News" by Min Zhi (2404 4249): "Li Ximing's Bank Savings Under Investigation"]

[Text] Li Ximing, former Political Bureau member and Beijing municipal party committee secretary and currently NPC vice chairman, has been reported by a former Beijing Municipal Party Committee and a banking unit, who have demanded an investigation of Li Ximing's savings, which total 150,000 yuan. It has been said that Li Ximing made an explanation to the CPC Commission for Discipline Inspection and the NPC Standing Committee that the money was derived from his dependents' stock speculation, including shares worth approximately 20,000 yuan purchased on the Shanghai and Shenzhen stock markets, which soared to 170,000 yuan and were then cashed in, of which 20,000 was spent on gold jewelry and audio equipment. The Central Commission for Discipline Inspection pointed out that a state leading cadre supporting his dependents in stock speculation was a serious offense which violated discipline, and the case would be handled following investigation. According to Li Ximing, cases of dependents of cadres at ministerial and provincial levels speculating in shares and securities were numerous, and some are still doing so as of today.

Signed Commentary Views Anticorruption Fight

OW0810071993 Beijing XINHUA in English 0642 GMT 8 Oct 93

[Text] Beijing, October 8 (XINHUA)—China's leading national newspaper, the "PEOPLE'S DAILY" [RENMIN RIBAO], today carries a signed commentary on the relationship between the anti-corruption struggle and the drive for reform and opening to the outside world.

Signed by Yu Ning, the commentary says that under the powerful leadership of the Central Committee of the Communist Party of China (CPC) with Comrade Jiang Zemin as the core, a far-reaching anti-corruption struggle is being carried out throughout the country. The struggle has aroused great attention from party and government offices at all levels and won wholehearted support from the CPC and the people.

The commentary notes that China's reform and opening up have since the late 1970s greatly emancipated and developed the productive forces, thus rapidly promoting

economic development, quickly increasing the country's comprehensive strength, and markedly improving the people's living standards.

Meanwhile, the commentary points out, some negative phenomena such as corruption have emerged in party and governmental institutions. In some fields corruption is spreading rapidly and this has aroused resentment and anxiety among the broad masses of cadres and people.

Since corruption has emerged under the conditions of the reform and opening up, what then is the relationship between corruption and the reform and opening up? Will the anti-corruption struggle affect the reform and opening up policies?

After reviewing the process of the country's reform and opening up, the commentary concludes that it is wrong to say that corruption has been brought about by the reform and opening up, but it is not convincing to say that there is no relationship between corruption and reform and opening up at all. The correct explanation is as follows:

First, the reform and opening policies are not at all aimed at setting up a system and mechanism in which corruption is endemic, but a new system and mechanism to emancipate and develop the productive forces and promote an all-round social progress.

Second, since the concrete steps and measures of the reform and opening up cannot be expected to always be perfect and without mistakes in the short term, loopholes and weak points are inevitable. Thus, corruption is hard to avoid.

Third, the final achievement of a socialist market economy will provide all-round conditions and guarantees for the prevention, control and elimination of corruption.

The commentary also says that it is unnecessary to worry that the anti-corruption struggle may affect the reform, opening up and economic development.

First, it stresses, it is corruption itself that has been affecting the reform, opening up and economic development in the past few years. If corruption is allowed to run rampant, the reform, opening up and economic development will not be able to be carried out smoothly, and the party, the people's political power and the whole socialist cause will be severely harmed.

Therefore, the commentary says, the anti-corruption struggle will not affect the reform and opening up process, but guarantee smooth progress in this regard as well as in the aspect of economic development.

Second, the commentary points out, the party central committee has stressed that while making efforts to win the anti-corruption struggle, which is a political task, there should be no mass campaign. The struggle should be carried out within party and government institutions, judicial departments, administrative and law-enforcement departments and economic administrations.

In conclusion, the commentary says, firmly carrying out the anti-corruption struggle during the reform and opening up and guarantee that the reform and opening up process develops in a healthy way during the anti-corruption struggle will surely result in new and greater victories in the great cause of building socialism with Chinese characteristics.

Results of Antismuggling Efforts Revealed

HK0710150793 Hong Kong WEN WEI PO in Chinese
23 Sep 93 p 5

["Special article" by staff reporter Wu Fei (0702 2431):
"New Trends of the Mainland's Antismuggling Actions"]

[Text] Shanghai, 22 Sep (WEN WEI PO)—One day in May, on the import cargo inspection ground of Shanghai's Wusong Customs, six 40-foot imported containers were being examined by customs personnel. It was declared to the Customs officials that the containers held 110 tonnes of polyester fiber. However, the customs officers found in their examination that 1,632 Japanese-made color television sets were hidden inside the containers. Similar cases occurred in the past. Shanghai Customs recently revealed that illegal smuggling activities had obviously increased in the port of Shanghai. Smugglers liked to use containers to smuggle in goods whose importation was limited by the state or goods subject to high import tariffs, as there are wide price gaps within and outside the mainland. Shanghai has also become a main port for smuggling, so it is expected that smuggling through Shanghai will continue to increase.

Maritime Smuggling Activities Spread Northward

Recently, the leading group for cracking down on smuggling set up by the Shanghai Municipal People's Government required that administrative departments at all levels attach importance to the work of cracking down on smuggling activities.

According to customs officials, the national work conference on cracking down on smuggling last month pointed out that the smuggling activities remained rather rampant, and the situation was serious. This is prominently reflected in the following facts:

1. Maritime smuggling has spread to all coastal areas. In the last decades, maritime smuggling mainly took place in the southeast coastal areas near Hong Kong, Macao, and Taiwan. The situation along the coastline north to the Chang Jiang was relatively calm. However, late last year, large-scale maritime smuggling activities occurred in the Weihai area of Shandong, and such activities rapidly spread to all coastal areas from the north to the south. In April and May this year, maritime smuggling activities rapidly extended northward and southward from Shandong. Smuggling activities in southeast coastal areas and in the Straits of Taiwan remained rampant and did not decrease. Fujian fishing boats carrying smuggled goods were even found on the seas near Dalian.

2. Smuggling along land borders is also rampant, and is increasing in the various trade forms. Since last year, some

border localities imported large quantities of goods and materials whose importation is limited by the state, and this was done in the name of border barter trade and in violation of the relevant regulations laid down by the State Council. The localities also evaded the supervision of the customs and the state taxation authority. In the import-export transportation channels, smugglers more and more frequently use containers and container-carrying trucks to smuggle in household electric appliances and cars.

3. Smuggled goods have become more valuable, and the cases of smuggling cars increased sharply. Corresponding to changes in the domestic market, the smuggled goods have become more and more valuable. Since last year, cars have become the most important smuggled goods. In the first half of this year, the customs and the public security organs throughout the country seized 6,791 smuggled cars, 4.7 times as much as the figure of last year, and these cars were worth 1.53 billion yuan. According to the information provided by the ROK Customs, between January and April of this year the ROK exported 26,688 cars to China, but the statistics of China's Customs show that only 166 cars were normally imported from ROK. The Hong Kong Customs statistics show that 49,000 cars were reexported to Mainland China last year, but the statistics kept by the General Administration of Customs show that only 22,000 cars were imported from Hong Kong in the same period. This shows the serious degree of car smuggling. In some coastal areas, imported car fairs have taken shape.

In addition, according to statistics provided by the Japanese authorities concerned, in 1992, Japan exported 1.51 million color television sets and 1.07 million video recorders to China; but the Chinese statistics show that only 370,000 color television sets and 560,000 video recorders were imported. The differences in the number of these two types of appliances meant that the state lost import tariffs of 4.86 trillion yuan.

Moreover, drug smuggling is also becoming more rampant. The cases of drugs smuggled from the Golden Triangle area to Hong Kong or other parts of the world via China are increasing. Some overseas drug smugglers also illegally produced methyl amphetamines (nicknamed "ice"), and then trafficked the drugs out of China. The smuggling of pornography also increased seriously. In the first half of this year, customs throughout the country seized 65,000 pieces of pornography, an increase of 200 percent over the same period last year.

4. Major and serious cases increased, and cases involving enterprises and institutions also increased. So far, major cases involving smuggled goods worth over 1 million yuan have been continuously increasing in number, and many cases involving smuggled goods worth over 10 million yuan, or even over 100 million yuan. In the first half of this year, customs and public security organs throughout the country cracked 324 major smuggling cases involving goods worth over 1 million, and this was equivalent to the figure of last year. Most major cases involved companies in our country. They used state funds and colluded with China-owned companies outside the mainland in arranging the smuggling activities.

Local Authorities Shield Smuggling to a Serious Degree

5. The local authorities used administrative means to shield the smuggling activities to a serious degree. Some local authorities and departments did not strictly enforce laws and carry out policies in order to seek selfish interests, and adopted various administrative means to shield smuggling activities and to bend the laws. They only imposed fines rather than bringing smugglers to justice. Some local authorities formulated their own policies, set up "declaring centers" for smuggled goods, and abetted the law-breaking smuggling activities.

NPC Vice Chairman Wang Hanbin Inspects Fujian

HK0810101393 Fuzhou FUJIAN RIBAO in Chinese 4
Oct 93 p 1

[By staff correspondent: "Vice Chairman Wang Hanbin Inspects Fujian"]

[Text] Comrade Wang Hanbin, alternate member of the CPC Central Committee Political Bureau and vice chairman of the National People's Congress Standing Committee, inspected Fujian Province for 11 days from 22 September to 2 October.

During his visit, Vice Chairman Wang Hanbin inspected Xiamen, Quanzhou, Putian, and Fuzhou. He also visited and inspected cities, factories, enterprises, market construction, and residential areas, as well as economic and technological development zones. He listened to work reports by city party committees and city people's congresses and inspected the situation in economic construction, in introducing foreign capital, as well as in the commercial, trade, educational, scientific, technological, monetary, and financial fields.

On the morning of 30 September, presided over by Comrade Chen Guangyi, the provincial party committee, the provincial people's congress standing committee, and the provincial government made work reports to Comrade Wang Hanbin. Comrade Jia Qinglin reported on the province's current economic work; Comrade Yuan Qitong reported on the work of the provincial people's congress standing committee; and Comrade Lin Kaiqin reported on the struggle against corruption in the province. After listening to their reports, Comrade Wang Hanbin made an important speech.

Comrade Wang Hanbin pointed out that Fujian had made great achievements in reform, opening up, and economic construction and that he was very happy to see the great changes along the way from Xiamen to Fuzhou. On basic facilities construction, Comrade Wang Hanbin said that strengthening such construction, particularly communications, was quite important to Fujian. Efforts should be concentrated on the following two tasks: One is airport construction, including the construction of the Fuzhou Changle Airport and the Xiamen Airport; the other is the construction of the Fuzhou-Xiamen expressway. Expediting the construction of the Fuzhou-Xiamen expressway

has an important bearing on Fujian's economic development, on Meizhouwan's development, and on promoting "three exchanges." More methods should be worked out to speed up basic facilities construction and construction should be carried out well. The construction of expressways involves investment and cost recovery. It can be carried out section by section or one by one.

On Weizhouwan's development, Comrade Wang Hanbin stressed that the provincial government should make long-term preparations and have an overall program for phased implementation. For now, the existing big projects should be carried out properly.

On land development and utilization, Comrade Wang Hanbin suggested that because there are many mountains and hills in Fujian, the province should proceed with its work in light of its specific conditions and devote major efforts to fruit growing, animal husbandry, and afforestation because it has strong points in these respects. Apart from developing its mountainous areas, it should also develop and use its shoals. Fujian is rich in granite resources, another strong point. It should do well in exploiting granite resources.

Comrade Wang Hanbin was quite concerned about Fujian's work in assisting poor areas. He said there is a need to provide development-type assistance for poor areas, instead of relief-type assistance. The main reason for the backwardness of poor areas in Fujian is that they are difficult to access. Funds for assisting poor areas can be used to build roads and the method of providing work as a form of relief should be introduced in helping poor areas to carry out some projects. In this way, the development of poor areas will gradually enter a benign cycle.

Comrade Wang Hanbin also expressed important views on local legislation as well as the work concerning Hong Kong and Taiwan compatriots and Overseas Chinese.

In the entire process of inspecting Fujian Province, Vice Chairman Wang Hanbin was accompanied by Zhang Mingjun, vice chairman of the provincial people's congress standing committee. While inspecting Fuzhou, Vice Chairman Wang Hanbin was accompanied by Huang Wenlin, member of the provincial party committee's standing committee and secretary general of the provincial party committee, and Xi Jinping, member of the provincial party committee's standing committee and secretary of the Fuzhou City CPC Committee.

Meets Foreign 'Friends'

HK0810084293 Fuzhou FUJIAN RIBAO in Chinese 30 Sep 93 p 1

[By staff reporter: "Wang Hanbin Meets Guests From Indonesia and Singapore"]

[Text] Yesterday afternoon, Wang Hanbin, vice chairman of the National People's Congress Standing Committee, who is currently inspecting Fujian, cordially met with Mr. Lin Shao-liang, an Indonesian entrepreneur; Mr. Yang

Lieh-kuo, chairman of the Singapore Economic Development Council; Mr. Lin Wen-ching, an Indonesian entrepreneur; Mr. Huang Tsu-yao, chairman of the United Overseas Banking Group of Singapore; Mr. Lin Feng-sheng, an Indonesian entrepreneur; and Mr. Lin Teh-en, chief of Singapore's Jurong Town administration.

The meeting was conducted in a very friendly atmosphere. Mr. Lin Shao-liang said that he felt greatly honored to have met Vice Chairman Wang Hanbin in Fujian, and that he was particularly pleased to see the rapid economic development after two days of visits and observation. Vice Chairman Wang Hanbin welcomed Mr. Lin Shao-liang and other overseas friends. He said: The Southeast Asian countries are rich in resources and have much managerial experience which deserves to be studied and assimilated. It is very beneficial to both sides to develop the economic relations between China and the Southeast Asian countries. He hoped that through their visit, the friendly relations between China and the Southeast Asian countries would be further developed.

The provincial and city leading cadres, including Chen Guangyi, Xi Jinping, Zhang Mingjun, Liu Mingkang, and Jin Nengchou; Zhuang Yanlin, the chairman of the All-China Federation of Returned Overseas Chinese; and veteran comrade Cheng Xu were present at the meeting.

Attends National Day Reception

HK0810082993 Fuzhou FUJIAN RIBAO in Chinese 30 Sep 93 p 1

[Report by Chen Xinyun (7115 0207 0061): "Wang Hanbin, Chen Guangyi, Jia Qinglin Attend National Day Film Reception"]

[Text] Yesterday evening, Fuzhou Grand Theater, ablaze with lights and decorated with colored flags, was filled with gaiety and hearty laughter. Over 1,000 people, including provincial and city leaders, officers and men of the armed forces and armed police stationed in Fujian, and people from other circles, gathered here to attend a National Day film reception marking the 44th anniversary of the founding of the PRC.

Present at last night's reception were: Wang Hanbin, vice chairman of the National People's Congress Standing Committee; provincial leaders Chen Guangyi, Jia Qinglin, Lin Kaiqin, Wang Jianshuang, Lin Zhaoshu, Huang Wenlin, Yuan Qitong, Su Changpei, Liu Yongye, Zhang Mingjun, Song Jun, Zhang Jiakun, Wang Liangtuan, Tong Wanheng, Liu Jinmei, and Lu Haoran; leaders of the armed forces stationed in Fujian and Fujian armed police headquarters Zhang Yujiang, Gao Yuanfa, Wang Jilian, Zhu Yuanbin, and Hong Shaohu; veteran comrades Hu Hong, Wu Hongxiang, Jia Jiumin, Cai Li, He Ruoren, Wen Xiushan, Zhang Yumin, Gao Hu, Wang Yan, Hou Linzhou, Xiao Jian, Zhang Zhaohan, Zuo Fengmei, Lu Dao, and Xu Jime; veteran comrades from the army Zhu Yaohua, Chen Zhongmei, Zhang Zheng, and Duan Lianshao. Some Hong Kong, Macao, overseas (qiao 0294), and Taiwan compatriots; Chinese abroad (hai wai hua ren 3189 1120 5478 0086); foreign experts; and international

friends in Fujian, and representatives of national and provincial model workers, also attended the reception.

At the reception, Fuzhou City Mayor Jin Nengchou, on behalf of the Fujian Provincial CPC Committee and Provincial Government and Fuzhou City CPC Committee and Government, extended festive greetings to the workers; peasants; intellectuals; officers and men of the three armed services and armed police stationed in Fujian; public security officers and men; people from other circles; Hong Kong, Macao, overseas, and Taiwan compatriots; Chinese abroad; and foreign experts and friends.

Some films, including "The Phoenix Zither" [feng huang qin 7685 0420 3830], a feature film produced in China, were screened at the reception.

TV Series 'Path To Becoming a Stronger Nation'

Part One

OW0510100993

[Editorial Report] Beijing Central Television Program One Network at 1420 GMT on 4 October transmits the first of an eighth-part documentary "The Path To Becoming a Stronger Nation."

The first part, entitled "The Ardent Hope," lasts 28 minutes and begins with footage of Mao Zedong in the early days of revolution, Chinese workers toiling at construction sites, Jiang Zemin igniting a torch, a rocket shooting into the sky, fireworks at Tiananmen Square, and Deng Xiaoping shaking hands with Jiang Zemin. As the narrator recounts the PRC's founding in 1949, the video shows historical footage of Mao Zedong walking up to Tiananmen Tower and declaring the founding of the nation. According to blueprints drawn up by Mao Zedong and leaders of the older generation, the narrator says, "China must cast off poverty and backwardness and join the ranks of the world's nations as soon as possible." The video then shows Teng Teng, vice minister in charge of the State Education Commission, and Peng Shilu, former vice minister of machine-building, as recalling jubilant scenes at Tiananmen Square 44 years ago and the pledge they made earlier to strive to make the country strong. The video also shows footage of Mao Zedong during the impoverished years of the Yanan Period, urging communists to engage in large-scale productive activities in order to become self-sufficient in daily life. "The Shaanxi-Gansu-Ningxia Border Region Government issued a series of laws and regulations encouraging industries, investments, and free trade," says the narrator.

To train qualified personnel for national construction, the narrator says, the highest authorities at CPC headquarters in Yanan used a \$15,000 donation from a New Zealander to set up the Yanan Academy of Natural Sciences in 1939. The academy was later expanded and replenished with teaching equipment sent by Soong Ching Ling from Shanghai and books in various specialized fields sent by Zhou Enlai from Chongqing, as well as promising young people from all over the country. After the founding of the PRC, the 500-odd graduates of the academy became

leaders or backbone cadres of various industrial departments in the country. While the video shows historical footage of Mao Zedong speaking at meetings and shaking hands with people, the narrator says: "Comparing construction to taking an examination, Mao Zedong demanded that communists learn a professional trade because they must be good at building a new society as well as destroying the old one." Video also interviews a number of top Kuomintang officials with specialized skills who defected to the communist side during the civil war, as well as Chinese scientists who returned to the motherland after the PRC's founding. They all have made important contributions to national construction.

Video also interviews Rong Yiren, vice president of the state and chairman of the All-China Federation of Industry and Commerce, who in 1949 decided to stay in the country together with his father Rong Desheng, in defiance of the advice of friends and relatives. Rong Yiren says: "It was very difficult to develop indigenous industries as they were often pushed aside and suppressed by foreign capital. The Rong family, the top entrepreneurial family in China before liberation, set up more than 20 enterprises. It was no easy task."

After interviewing a couple of officials of the Chinese Academy of Sciences who returned to China upon completion of doctorate degrees at Cambridge University, the narrator concludes the first part of the series by citing the late Zhou Enlai as saying that the return of more than 1,000 intellectuals to China to serve the motherland was more precious than hundreds of million yuan in aid.

Part Two

OW0610104593

[Editorial Report] Beijing Central Television Program One Network at 1420 GMT on 5 October transmits Part Two of the documentary: "The Path To Becoming a Stronger Nation."

The second part, entitled "In the Initial Years," lasts for 22 minutes and deals with how from the late 1940's to the early 1950's the newly founded republic, torn by successive wars and looted of its national coffers by Chiang Kai-shek, endeavored to carry out national construction. As the narrator recounts efforts by the Chinese leaders and people to rebuild their motherland and rehabilitate the national economy, video shows historical footage of Mao Zedong presiding over meetings and engaging in discussions with other leaders, as well as footage of people smelting iron, building roads and bridges, and working at factories and construction sites. Video also shows interviews with people from all walks of life, recalling frugal material life and soaring enthusiasm of the people across the country. Endorsing the policy to merge private-owned enterprises with state industry in the early years of the founding of the PRC, Rong Yiren, vice president of the state and chairman of the All-China Federation of Industry and Commerce, says: The majority of capitalist entrepreneurs welcomed the policy "mainly because we were aware that it was good for our country. In the early days after liberation, entrepreneurs were treated fairly well. As the people worked with

one mind to develop the economy, we gradually realized that 'socialism can save China' was no empty talk and we came to trust the CPC's capability to improve the condition of the country. There is a similarity between our previous efforts at promoting industry and the CPC's leadership today over economic construction."

The narrator concludes the second part by showing historical footage of Mao Zedong's visit to Moscow. In a speech to Chinese students studying in the Soviet Union, the announcer points out, Mao Zedong said: "The world belongs to you, and it also belongs to us. But, in the final analysis, it is yours. We place our hopes on you."

Commentator Urges Enriching People's Cultural Life

HK0810062493 Beijing RENMIN RIBAO in Chinese 5 Oct 93 p 1

[Commentator's article: "Further Enrich and Promote the People's Cultural Life"]

[Text] Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the spirit of the 14th CPC National Congress, China has made great achievements in both material and ideological construction while deepening reform. The people's cultural life is getting more and more colorful.

Adhering to the party's principle that literature and art should serve the people as well as socialism, great numbers of literary and art workers have worked hard and presented the people with much exquisite "nourishment for the mind." The flowers of literary creation are blossoming, and movies, TV programs, and dramas are all rich and colorful. As a result, the culture market is brisk. All this reflects the party's decision to pay attention to both rectification and progress has yielded good results.

Besides, the "anti-pornography campaign and drive to stamp out inferior products" have helped improve the cultural environment. The enthusiasm of literary and art workers is being aroused and brought into full play.

As China strives to realize socialist modernization and life in a new era becomes dynamic, however, more and higher demands are being put upon literary and art workers. The large numbers of literary and art workers are expected to make vigorous efforts to create more works to meet the people's cultural needs and to enrich their life after work hours, thus promoting socialist ideological construction.

Comrade Jiang Zemin pointed out: "Generally speaking, our literary and artistic creation should aim at encouraging the people to brace their spirits, pluck up their courage, and raise their moral standards so that they will contribute to our modernization drive. Of course, writers and artists should also bring pleasure to people after their working hours." A melodious song, an outstanding literary work, a healthy and refined song and dance evening party, or a first-rate TV program can make people happy and life more enjoyable as well as arouse people's enthusiasm for work. Literary and art workers should create more good-quality works to enrich the people's cultural life.

We should be aware that, as reality changes and the masses become more and more appreciative, new demands are made on literary and art workers. It is necessary to study new situations, new experiences, and new problems such as the change in the popular demands for literature and art, the relationship between traditional artistic forms and modern contents, and young people's aesthetic demands and appreciative characteristics. Only in this way can our writers and artists better reflect the historical process of our times and enrich and advance the people's cultural life, thus giving play to the important role of literature and art in ideological construction.

We are now in a new historical period, when exchanges and collisions of all sorts of ideologies and concepts inevitably finds expression in the literary and artistic field and in the culture market. While a hundred flowers compete with each other in splendor in the literary and artistic field, which is currently full of life, vulgar books, periodicals, tapes as well as publications propagating pornography and superstition are occasionally found in the market, spoiling the readers' appetites. The broad masses of the people are pinning great hopes on literary and art workers, hoping that they will increase their sense of responsibility, cast out the wicked and usher in the virtuous, vigorously give publicity to the main theme of the times so as to create more and better works to encourage the people to constantly win new victories in the drive for reform, opening up, and modernization.

The key to enriching and advancing the people's cultural life is to get down to earth and work. There are both professional and amateur cultural workers in China, and our party has created good experience for doing cultural work. As long as we carry forward the fine tradition and give full play to our strong points, we will be able to advance work in this field. To enrich the people's cultural life, what matters is to mobilize the masses to participate in cultural activities. We have a large number of publications and mass media fields, a large number of theaters and public entertainment venues, and unique traditional cultures of all nationalities, so we can certainly accomplish much in enriching and stimulating the people's cultural life.

We are convinced that, as long as the party's principle that "literature and art should serve the people and socialism" is adhered to and the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" is carried out, our socialist literary and artistic field, through the efforts of the large numbers of literary and art workers and other social sectors, will be a blaze of color with colorful flowers everywhere.

RENMIN RIBAO Editorial on Helping Disabled

HK0810134093 Beijing RENMIN RIBAO in Chinese 6 Oct 93 p 1

[Editorial: "Giving Assistance, Making Progress Together, and Equal Participation—Warmly Greeting the Opening of the Second Congress of the Chinese Federation for the Disabled"]

[Text] The Second Congress of the Chinese Federation for the Disabled [CFD] solemnly opened today. This is an important meeting held at a time when China's reform, opening up, and modernization have entered a new development period. It is a grand meeting in the history of China's undertaking for the disabled. We warmly congratulate the opening of this meeting! We express our kind regards to the more than 50 million disabled people throughout the country, their relatives, numbering more than 200 million, and workers in charge of the disabled!

During the last five years since the First CFD National Congress, under the care and leadership of the party and the government, with the common efforts of various localities, departments, social circles, and the disabled, China has made world-renowned, historic achievements in its undertakings for the disabled; brought very practical benefits to the disabled, and, in the meantime, laid a foundation for the long-term development of undertakings for the disabled. China has: Formulated and implemented a "Five-Year Work Program (1988-1992) for the Chinese Disabled"—the first state plan for the disabled—and has expanded the work concerning the disabled into a wide field with "equality, participation, and common sharing" as its purpose, initially establishing the basic pattern for this undertaking; promulgated and implemented the "PRC Law for Protection of the Disabled," laying the legal foundation for this undertaking; it has established a work coordination organization for the disabled and different levels of federations for the disabled, perfecting the work and organizational systems for the disabled; explained the role and significance of the undertakings for the disabled from the high plane of human rights and human emancipation, deepening the theory on undertakings for the disabled; extensively carried out self-strengthening activities, improving the mentality of the disabled regarding participation and their enterprising spirit; and China has profoundly propagated humanitarianism and conducted many kinds of activities to help the disabled, thus improving social opinion. There has been marked improvement in the situation of the disabled. The three rehabilitation projects—restoring eyesight to cataract sufferers, treatment of infantile paralysis, and audio training for the deaf—have helped rehabilitate 1.26 million disabled people. The number of blind, deaf, and mentally disabled children who have received compulsory education has exceeded the total number of such children in the last more than 100 years since China introduced this special education, an exploratory step has been made in providing jobs for the disabled in a dispersed and proportionate manner and their cultural life has become richer. China's undertakings for the disabled have been highly appraised by people at home and abroad for its development and has won the UN "Peace Envoy Award" and the "UN 10-Year Special Award for the Disabled."

But we should understand soberly that the departure point of China's undertaking for the disabled is low and its foundation is weak. The disabled are affected by their own disability and hampered by the external environment. There is a big gap between their living standards and the average level of society. So they are the group with the

most difficulties in society. We should also understand that the establishment of the socialist market economy will significantly promote the growth of China's economic strength. This is where the fundamental interests of the disabled lie; in the meantime, the competition mechanism and the principle which stresses economic results have posed new situations and new problems for the disabled, who are already in an unfavorable position. All these have set higher demands on the work concerning the disabled.

The undertakings for the disabled comprise a component of the socialist cause and the disabled are members of the big socialist family. Protecting the rights of the disabled, respecting their value, and bringing into play their latent ability are the symbols of human civilization and social progress and are the essential demands of the socialist system. Extending a fraternal hand to the large numbers of disabled people who have met with misfortune, are in an unfavorable situation, and eagerly wish for equality, and helping them to follow the pace of social development and advance together with the people throughout the country are the needs for fulfilling China's second-step strategic objective, the appeal of the era, and are the unshirkable responsibility of governments at all levels and socialist society.

All levels of governments and departments should take practical measures to conscientiously implement the law for protection of the disabled, fulfill in a comprehensive way the "Main Points of the Eighth Five-Year Plan (1991-1995) on China's Undertaking for the Disabled" and other tasks set by the coordinating program, further improve the material conditions and spiritual environment for the disabled in joining equally in social life, so that they will have more opportunities and a wider scope of participation to enhance their quality and improve their living standards.

All levels of federations for the disabled and workers in charge of the disabled have devoted their efforts to this arduous task, shared the worries of the country, resolved the difficulties of the disabled, and have done a great deal of meticulous and effective work. They are trusted by the disabled and respected by society. We hope that all levels of federations for the disabled will strengthen their organizational, ideological, and professional building; display the functions of "representatives, service, and management"; protect the legitimate rights and interests of the disabled; be good assistants of the government in developing the undertakings for the disabled; and wholeheartedly serve the disabled.

The improvement of the situation for the disabled also depends on their own efforts. The Chinese disabled have always had the spirit to make unremitting efforts to become stronger and to carry out a tenacious struggle. Many advanced models and touching deeds have emerged from among them. The disabled should continue to improve their quality in an overall manner and take an active part in reform, opening up, and modernization with self-respect, self-confidence, self-improvement, and self-reliance. History has proved, and will continue to prove,

that the disabled are also creators of social wealth and that the undertakings for the disabled are lofty undertakings which can contribute to economic development, social stability, cultural prosperity, and spiritual civilization.

Let us unite more closely around the party Central Committee, with Comrade Jiang Zemin as the core; make persistent efforts; further develop socialist humanitarianism; understand, respect, care for, and help the disabled; and open a new chapter in China's undertakings for the disabled in the course of carrying out the great cause of building socialism with Chinese characteristics.

State To Build First AIDS Hospital in Yunnan

HK0710144993 Hong Kong MING PAO in Chinese 23 Sep 93 p 14

[By staff reporter Chen Wei-chiang (7115 0251 1730): "China's First AIDS Hospital To Be Built in Ruili City of Yunnan Province at End of This Year"]

[Text] China's first AIDS hospital will have been built in Ruili city of Yunnan Province by the end of this year. The hospital will provide a total of 50 beds. However, Zhao Shangde, member of the China AIDS Experts Commission, worried that lack of medical personnel will undercut the hospital's normal operation.

When interviewed by reporters, Zhao Shangde said that as mainland medical personnel are generally afraid of AIDS, the hospital will probably find it difficult to find sufficient medical personnel at the outset. Zhao noted that although the hospital will probably find it less difficult to find doctors, the majority of the mainland nurses are thought to be afraid or unwilling to have any contact with AIDS patients.

Zhao Shangde added that the Chinese Government has decided to build the AIDS hospital in Ruili city of Yunnan Province because Yunnan has had the largest number of people infected with the AIDS virus in the entire country. The number of HIV carriers in Yunnan accounts for 75 percent of China's total, while Ruili city has had the largest number of HIV carriers in Yunnan Province.

Zhao Shangde pointed out that by June 1993, China had discovered a total of 1,106 HIV carriers, 850 of whom had been found in Yunnan Province. Ruili city alone discovered a total of 425 HIV carriers. So far, Yunnan has had four AIDS sufferers, three of whom have already died.

Zhao Shangde explained: Since it borders on Burma, Thailand, and Laos, which are known as the "Golden Triangle," Yunnan Province has been suffering from a very serious drug problem. The majority of the HIV carriers, 80 percent of whom are peasants, have become infected with HIV by sharing syringes. Some HIV carriers are women who had been lured by drug syndicates into prostitution in Thailand.

Zhao Shangde said that in the face of this serious problem, Yunnan Province has set up a transdepartmental working group composed of a vice governor, the provincial public security department director, and a representative from

the provincial public health department. The working group will discuss and map out measures for resolving the AIDS problem. In order to combat narcotics, apart from conducting education and propaganda to urge people not to take drugs, as well as launching large-scale antinarcotics mopping-up operations in the border areas, the Yunnan provincial government has also set up some drug addict rehabilitation centers in which drug addicts can find ways to quit drugs.

In order to check the spread of AIDS, apart from carrying out propaganda and education among the masses, the Yunnan provincial government has also started conducting research work with a view to verifying symptoms of AIDS, the period between HIV-related infection and sickness, and reaction of AIDS patients to medicines. Zhao Shangde stated: Although the majority of HIV carriers in China have become infected with HIV by sharing syringes, the number of HIV carriers who have become infected with HIV through human contact is steadily increasing. This group of people are becoming the principal source of AIDS in China.

Hunan Hosts Forum Commemorating Mao's Birthday

HK0710153193 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 6 Oct 93

[Text] Under the auspices of the Central Party School and the National Party Building Research Association, a forum commemorating the 100th birthday of the late Comrade Mao Zedong was held in Changsha yesterday.

Yesterday's symposium was attended by a number of leading comrades, including: Guo Feng, former Liaoning Provincial CPC Committee secretary; Zheng Keyang, Central Policy Research Center deputy director; Xing Benshi, Central Party School vice president; Yang Zhengwu, Hunan Provincial CPC Committee deputy secretary; Luo Haifan, Hunan Provincial CPC Committee Standing Committee member and Organization Department director; (Ling Sheng), Hunan Provincial Party School president, and others.

Zheng Keyang, Central Policy Research Center deputy director; Yang Zhengwu, provincial party committee deputy secretary; and (Ling Sheng), provincial party school president, delivered speeches at the symposium.

Comrade Yang Zhengwu said: While commemorating the 100th birthday of the late Comrade Mao Zedong, we should make redoubled efforts to learn, study, adhere to, and develop Marxism, Leninism, and Mao Zedong Thought; and make special efforts to study and master Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, historically and specifically bring to light the inherent link between Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics on the one hand and Mao Zedong Thought on the other; and popularize Comrade Deng Xiaoping's great historical achievements in inheriting and developing Mao Zedong Thought so as to enable the whole party and the

people of the whole country to consciously guide their own ideology and action with Comrade Deng Xiaoping's theory.

Mao Zedong Albums Published in Jiangxi, Hunan
OW0710151293 Beijing XINHUA in English 1425 GMT 7 Oct 93

[Text] Beijing, October 7 (XINHUA)—Two albums of Mao Zedong, late chairman of the Central Committee of the Chinese Communist Party, were respectively published in Jiangxi and Hunan Provinces to mark the 100th anniversary of his birthday.

The first, titled *Mao Zedong in Jiangxi*, was produced by the compilation committee for the party's historical materials under the Jiangxi provincial party committee.

The album has more than 100 photos which show Mao's revolutionary activities in Jiangxi from the late 1920s to mid-1930s, and his inspection tours of Jiangxi after New China was founded in 1949.

The other album, published by the Shaoshan Stamp Company in Shaoshan, Mao's hometown, in Hunan Province, contains eight of Mao's poems embroidered on the album.

The embroidered album, made by Hunan Xiangtan Embroidery Mill, clearly shows Mao's unique handwriting style.

On the first page, there are three recently-issued special stamps, titled "Mao Zedong on the Great Wall," "Mao Zedong in Northern Shaanxi" and "Mao Zedong in Zhongnanhai."

Science & Technology

State Launches Scientific Research Satellite
OW0810113093 Beijing XINHUA Domestic Service in Chinese 1012 GMT 8 Oct 93

[By reporters Li Xiuqing (2621 4423 3237) and Jia Yong (6328 3057)]

[Text] Beijing, 8 Oct (XINHUA)— China successfully launched a satellite for scientific surveys and technological experiments at Jiuquan Satellite Launching Center at 1600 Beijing time [0800 GMT] today.

The satellite was launched by the Long March-2C carrier rocket developed and manufactured by China itself. Eight minutes after the launch, the satellite and the carrier rocket were separated and the satellite entered a pre-designated orbit with its perigee and apogee 213 km and 318 km from earth, respectively. All instruments on the satellite are working normally.

According to the responsible person at the Commission of Science, Technology and Industry for National Defense, the 2,099-kg satellite, monitored and controlled by the Xian Satellite Monitoring and Controlling Center and designed and manufactured by a research institute under the China Astronautics Industry Corporation, is equipped with various kinds of scientific instruments and will return

to the earth after completing scientific surveys, low-gravity experiments [wei zhong li shi yan 1792 6850 0500 6107 7526], and other space missions on schedule.

This is the 15th recoverable satellite launched by China. The former 14 satellites have all been recovered successfully.

Satellite Communications Capacity To Be Expanded

HK0810043893 Beijing CHINA DAILY in English 8 Oct 93 p 5

[By staff reporter Xie Liangjun: "China Links Up With the World"]

[Text] Building a workable ground telecommunications transmission network in the sparsely populated Qinghai-Tibet Plateau will surely be viewed as an uneconomical and inefficient investment project.

The unfavourable geographical conditions on "the roof of the world" will make laying telecom cables a dreadfully arduous and time-consuming mission.

Harsh weather conditions will be an additional obstacle, and later hamper normal maintenance of these installations.

However, some 2 million residents, mostly Tibetans, are scattered across the vast prairie of the Qinghai-Tibet Plateau. They, as well as foreign travelers, want to communicate with the outside world as much as their counterparts anywhere else on the globe.

Satellite communications technology has helped fulfill the desires of the Tibetans and foreign travelers.

Through satellite telecom circuits, Lhasa entered the national automatic long-distance telephone system in 1990, establishing domestic direct dialing (DDD) links with 520 Chinese cities and counties.

In addition, construction of a VSAT-based voice network is under way in Tibet. VSAT (Very Small Aerial Terminal) will enable local Tibetans to enjoy easy phone connections with the outside areas when completed later this year.

VSAT utilizes newly-developed sophisticated satellite communications technology.

Tibet is not the only beneficiary of satellite communications in China.

Since satellite communications systems began operating in China in the early 1970s, it has played an important role in providing the nation with improved telecom services, particularly in remote and mountainous regions.

Several years ago, the first question many overseas investors raised when coming to China was not what preferential treatment they would enjoy, but whether they could access international direct dialing (IDD) phone links.

The reason was simple: They wanted to call family members or company headquarters in their own countries.

Poor telecommunications forced some foreign investors to cancel ambitious expansion plans because, they argued, China could not provide basic telecommunications services.

According to the Ministry of Posts and Telecommunications, home satellite telecom circuits now make direct long-distance phone dialing possible in 520 Chinese cities and counties.

International satellite telecom circuits have also enabled some 321 Chinese cities and counties to set up telecom links with about 180 countries and regions.

Large and medium-sized satellite earth stations have been put into use in seven major Chinese cities. Four such earth stations for international service are already in use in Beijing, Shanghai and Guangzhou, while more stations are being constructed in another 12 big Chinese cities and will be operational by the year's end.

According to a ministry plan, each provincial capital will have an earth station by the beginning of the next century. These stations, when in operation, will relieve the current jams in domestic long distance services, and will make it more convenient for overseas tourists to call home while touring China.

At present, even in many provincial capitals, people must dial repeatedly to get long distance calls through. Faxed documents are often blurred due to poor phone lines.

China's satellite communications provide some 2,000 long-distance telecom circuits for domestic use and 2,000 for international service.

In the meantime, there are about 30,000 ground receiving stations for satellite communications across China.

This has made TV transmission and radio broadcasts possible over roughly 80 per cent of Chinese territory, a major improvement from about 10 years ago when the national TV network reached only urban areas.

Currently, the Ministry of Posts and Telecommunications has ambitious plans to expand satellite communications capacity to keep pace with China's dynamic economic growth.

Ministry officials estimate that by 1995, China will be using seven communications satellites including two Chinese-made Dongfanghong-III two AptSAT, one AsiaSat and Intelsat-VII.

The Chinese made Dongfanghong-III telecom satellite which has 24 transponders, will be sent into orbit during the first half of 1994. The medium capacity satellite is expected to replace three Chinese communications satellites already in orbit when their service missions are completed.

China is also considering buying or leasing several of the 24 transponders on the Aptsat-1 communications satellite which is owned by the Asia Pacific Telecommunications

Satellite Co. Ltd of Hong Kong. It will be launched into orbit by China Great Wall Industrial Corporation in June 1994.

To provide enough transponders for current satellite communications demand, the country last December purchased an in-orbit communications satellite from GTE Spacenet Co. of the United States. It put Spacenet-1 into operation this July chiefly for China's domestic service.

The American satellite has 36 transponders and will be operational until 1997.

To catch up with industrialized nations and join their attempt to establish a worldwide telecommunications network, Chinese ministry officials say they are studying possibilities to take part in the Iridium Global Mobile Telecommunications System proposed by Motorola Co. of the United States.

According to the Motorola's Iridium plan, a fleet of 66 sophisticated satellites in low polar orbit will pick up mobile phone calls from anywhere on the earth and relay them from satellite to satellite, bypassing long-distance phone companies.

China Great Wall Industrial Corporation signed a contract in August to use Chinese-made Long March-2C rockets to send some of these 66 satellites into low-earth orbits beginning in 1996.

The Ministry of Posts and Telecommunications appears cautious to be come involved in the management of this so-called LEO satellite system because of the many uncertainties in technological development, business prospects and other sensitive issues. But ministry officials say they have been watching technological progress and market prospects of the Motorola plan ever since Motorola announced its agenda three years ago.

There still are issues that need to be considered before China can decide whether it should join the American global telecom plan.

Among them are China's long-standing ties with the International Telecommunications Satellite Organization (Intelsat). China launched its satellite communications programme for international service with Intelsat in 1971.

Environmental Protection Campaign Begins

HK0710130093 Beijing CHINA DAILY in English 7 Oct 93 p 3

[By staff reporter Ma Zhiping: "Ecological Protection Campaign Kicks Off"]

[Text] A nationwide publicity campaign was launched yesterday in Beijing to promote environmental protection.

The State has arranged the green offensive to fight worsening pollution and ecological damage.

Campaign chief Qu Geping said that the China Trans-Century Environmental Protection Campaign, the first of its kind here, will play an important role in developing environmental work.

This year's mission is a declaration of war against pollution. Special attention will be given to maintaining an ecological balance and protecting natural resources.

Qu said that pollution became much worse last year despite improvements in environmental protection in some regions.

"The basis for the survival and development of the Chinese people will be endangered if the present environment situation goes on without control," said Qu, who is also director of the Environmental Protection Committee attached to the Standing Committee of the National People's Congress.

The new campaign aims to publicize the country's serious pollution problems and raise people's awareness of the environmental crisis.

It also aims to further publicize China's environmental regulations.

A hotline, 3098439, has been set up in Beijing to receive public comments and complaints.

So far, China has worked out more than 200 standards for environment control and established a legal basis for environment protection with four laws and 20 regulations issued by the State since 1979.

During the three-month campaign, about 100 journalists from the mass media will travel the country and write in-depth stories about serious environmental and ecological problems.

This unprecedented mass media campaign was organized by the Environmental Protection Committee of the National People's Congress (NPC), the Party's Propaganda Department and the National Environment Protection Agency.

Military

Article Discusses Deng's Concepts, Nuclear Arms
HK0810103093 Hong Kong HSIN PAO in Chinese 8 Oct 93 p 22

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429): "Deng Xiaoping Calls For Accelerated Modernization of Armament"]

[Text] Persevering in the absolute leadership of the party over the Army (the so-called "the party commanding the gun") and intensifying the Army modernization have been taken by the CPC authorities as two important magic weapons of administering the Army. Recently, Deng Xiaoping once again stressed the importance of grasping these two issues properly in light of the changing international situation.

Since this May, Deng Xiaoping has twice invited Jiang Zemin, general secretary of the CPC and concurrently chairman of the CPC Central Military Commission, to come for a talk on the issue of the party commanding the gun. Deng pointed out: "The most vital part of doing the Army's work properly is to grip the Army firmly, and to

prevent it from going amiss. If the Army fails to be stabilized when we (referring to the CPC elders) pass away, the overall situation will not be stabilized as well. This is the experience that we have gained for years." He advised Jiang Zemin not to begrudge time and efforts on grasping the Army, but to be bold in grasping it without any misgivings.

With regard to the Army's drive for modernization, General Zhang Wannian, chief of the general staff of the People's Liberation Army [PLA], disclosed: China's Army has always been guided by the general objective of "building a modern and regular revolutionary army" put forth by Deng Xiaoping and the five requirements of "being qualified politically, proficient militarily, fine in style, strict in discipline, and adequate in maintenance and supplies" proposed by Jiang Zemin.

Data have indicated that several achievements have been attained in the modernization of the Navy and Air Force, which have been relatively weak in China.

In the area of the Navy, the first brigade of Marine Corps has been built. The first group of ship-based aircraft was officially formed with naval aviation personnel. The first generation of domestically produced hydroplanes have undertaken sea patrols and reconnaissance missions, and the first generation of new missile destroyers and frigates has been launched for active service. The experiment of submarine-fired rockets succeeded for the first time, and, subsequently, the experiment of underwater firing of rockets by nuclear-powered missile submarines also succeeded. The first ocean-going training of nuclear-powered submarines was a complete success, and the first ocean-going training vessel, the Zhenghe, was put into commission. The first fleet, formed by 18 warships, for the first time set sail in the Pacific, thus raising the curtain of the Navy's ocean-going training. So far, several hundred vessels have completed their ocean-going training. The Naval Armament Demonstration and Research Center, eulogized as China's first military "modern think tank," has developed into more than 100 specialized demonstration and research institutes boasting facilities of ships, aircraft, electronics equipments, data of campaigns and tactics, and so on, so that the demonstration and research work of naval armament has gradually become scientific and standardized.

In the area of the Air Force, China was only able to launch a single type of missile in the past, but it is now capable of launching a dozen types of missiles. That is, it was just able to hit a fixed air target, but now it can hit high-, medium-, and low-altitude targets, as well as medium-, far-, and close-range targets in multiple directions; it was only able to intercept a single target, and now it can intercept several targets simultaneously. China's Army is capable of forming a powerful three-dimensional defensive system from low to high altitude and from close to far range.

Without Sophisticated Weapons, a Country Certainly Will Be Manipulated by Others

In spite of this, however, a source from Beijing disclosed that Deng Xiaoping believed that there still existed a very

wide gap between the armament of China's Navy and Air Force and the modern standards of the advanced countries, and that China's self-defense ability was still inadequate, and that the pace of modernization in military equipment should be accelerated.

While discussing Sino-U.S. relations with Jiang Zemin and Liu Huaqing, vice chairman of the CPC Central Military Commission, in the first half of August, Deng Xiaoping pointed out: We must speed up the development of advanced sophisticated armament, including the possession of a certain quantity of nuclear weapons, for the purpose of defending the PRC and guarding against and counterattacking any military and political intervention, subversion, and provocation of the hegemonists. The fact that China possesses a small quantity of nuclear weapons will absolutely not endanger the safety of the neighboring countries. The Chinese people have had bitter experience. That is why we know that without a powerful army, a country will be manipulated by the hegemonists.

In mid-September, Deng Xiaoping once again touched on the issue of developing sophisticated military equipment when meeting Admiral Zhang Lianzhong, commander of the Navy, General Cao Shuangming, commander of the Air Force, and other officers. Deng said to Zhang Lianzhong and the relevant officers: "The Central Military Commission thinks that three tasks on the agenda must be grasped first: The work in arranging jobs, lives, and family for retired and demobilized soldiers, better pay for the three armed services, and faster development of sophisticated military equipment. The Army must be prepared for danger in times of peace, because hegemony will never cease engaging in interference, subversion, and provocation. We do not want trouble or confrontation, but this cannot be determined by our subjective wish. The reform of the Army is underway very smoothly, and I have to thank hegemony for its oppression, blockade, and pressure. The CPC Central Committee, the State Council, and the Central Military Commission are confident that they can enable the equipment of the three armed services to reach contemporary world standards in a relatively short time. Regarding sophisticated weapons, we must have them and renew them, but we do not need many of them, because we have to spend our money mainly on economic development and improve the people's standard of living; furthermore, we want the weapons not because we want to seek hegemony, or become a policeman of the world or the region, or to dictate or pose a threat to other countries. What we want is to be free from oppression and blackmail and to ensure that once we are subjected to subversion and invasion, we are able to hit back.

Here we can see that Deng Xiaoping's thinking on developing sophisticated weapons and upgrading defense ability is firm and clear.

Rely on Our Own Efforts To Develop Sophisticated Weapons

According to the informed source, Deng Xiaoping also clearly pointed out that to modernize military equipment, we must learn from the experience of foreign countries, but

we must mainly rely on our own wisdom and strength. Regarding this rationale, Deng explained most clearly when talking to Cao Shuangming and the relevant officers. Deng said: "Judged from the speed of the modernization of the Air Force, the Chinese people have aspirations. To develop a modernized Air Force, we must of course learn from the experience of foreign countries, but we should mainly rely on our own wisdom and strength. Foreign countries will not sell us their most advanced technologies; they must keep one or two lethal weapons. What does hegemony rely on to dictate, intervene, and subvert other countries? Nothing more than economic strength and military might." Deng continued: "The main duty for the three armed services is to build a strong Air Force and Navy which are equipped with sophisticated weapons, and the purpose is to protect the country's construction, to protect the people so that they can work and live happily, and to protect peace."

The informed source said that at the end of September, Deng Xiaoping's speech to the Air Force and the Navy was relayed by Jiang Zemin, Liu Huaqing, Defense Minister Chi Haotian, and Central Military Commission Vice Chairman Zhang Zhen, to the Guangzhou Military Region CPC Committee, the minister of the Commission of Science, Technology, and Industry for National Defense, leadership groups of missile bases, and leadership groups of higher military colleges.

At the same time, on the eve of National Day, the State Council, the Central Military Commission, the Defense Ministry, the Commission of Science, Technology, and Industry for National Defense, and various arms of service granted meritorious service certificates, citations, and monetary awards for invention and innovation in the areas of science, technology, and production to the personnel who had contributed to the development of modern military equipment. Regarding the monetary awards, the first prize was granted for 15 projects, and the second prize was granted for 80 projects, including the long-distance high-altitude unmanned aircraft, J-9 fighter plane, H-7 bomber, seaborn laser cannon, antisubmarine deep-water tracking missile, and early warning aircraft. This move was to encourage self-reliance and instill enthusiasm for developing sophisticated weapons relying on our own efforts.

More Countries Show Sympathy for China's Position

When commenting on China's need to develop sophisticated weapons, a person from a certain military science research institute in Beijing said that, just as the Chinese Government's statement on the 5 October underground nuclear test points out: "China develops and possesses a small quantity of nuclear weapons, completely for the sake of self-defense." He said: "Hegemony never wants to see a prosperous and strong China, and is extremely unwilling to see a peaceful and early reunification of China. If we do not develop modern military strength and grasp modern sophisticated weapons, we will be subject to the military threat and political blackmail from hegemony, and we have lived through those days. We were very poor in the 1950's and the 1960's, and hegemony used means such as

an economic blockade to threaten us. In the latter period of the 1960's, we possessed atomic and hydrogen bombs, so we could stand up more firmly. In the 1980's and the 1990's, we have intercontinental missiles and nuclear submarines; therefore our defensive ability became stronger. China possesses sophisticated weapons not to threaten other countries, but completely for self-defense. In the 1960's, China announced that it would not use nuclear weapons first, and promised not to use or threaten to use nuclear weapons against the countries and regions which have no nuclear weapons. China has always advocated an overall ban on nuclear weapons and complete abolition of nuclear weapons, and suggested a complete ban on the testing of nuclear weapons on this basis. China supports the effort for signing a "treaty on overall ban on test of nuclear weapons" not later than 1996, and when we have that treaty, China will not carry out any more nuclear tests. This position of China has won the understanding and support of more and more countries. Imagine that if China did not possess a certain quantity of nuclear weapons; then, in the contemporary world in which hegemony and power politics have run rampant, who would care about China's position?" Speaking in this sense, China develops nuclear weapons, precisely for the purpose of eliminating nuclear weapons some day.

(Written in Beijing, 6 October 1993)

Beijing Military Region Holds Meeting in Tianjin
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[Text] Yesterday, the Beijing Military Region held an on-the-spot meeting on management work under the new situation at a certain division stationed in Tianjin.

Wang Chengbin, commander of Beijing Military Region; Jiang Hongquan, deputy commander; Cao Heqing, deputy political commissar; Huang Yunqiao, chief of staff; and Xu Xiaowu, director of the logistics department, attended the meeting.

Zhang Lichang, deputy secretary of the municipal party committee and mayor; and Song Pingshun, member of the standing committee of the municipal party committee and vice mayor, attended the meeting and extended welcome to leaders of Beijing Military Region and responsible comrades of various Army units who came to Tianjin to attend the meeting.

The purpose of this meeting was to strengthen Army building under the new period, to implement the directive of the military commission on building an Army of good quality, to jointly explore the issue of Army management under the new situation, and to popularize the experiences of the Army units stationed in Tianjin in strengthening management. Yesterday morning, a certain division stationed in Tianjin, Tianjin Garrison, and a certain Army detachment stationed in Tianjin introduced their experiences, respectively. A video film on Army management was shown.

In his speech, Wang Chengbin stressed: To run and manage the Army strictly, we must strengthen the sense of

leading the soldiers in the battle, resolutely enforce decrees and regulations, and actively strengthen discipline and dare to expose and solve problems. Leaders at all levels must set good examples in this regard. He called for efforts to create a new situation in Army management work; to maintain a good work style, strict discipline, regular order, safety, and stability; and to build the Army in the whole military region to a new level.

Economic & Agricultural

Social Sciences Group on Market Economy

HK0510095093 Beijing JINGJI YANJIU in Chinese No 8, 20 Aug 93 pp 3-24

[Article by the Chinese Academy of Social Sciences Economics Section Study Group, edited by Lin Li (2651 4539): "Theoretical Considerations and Policy Choices in Establishing A Socialist Market Economy Structure"; first paragraph is "author's note"]

[Text] The person in overall charge of the Study Group was Liu Guoguang (0491 0948 0342); the executive members and writers of the article were Zhang Zhuoyuan (1728 0587 0337), Dai Yuanchen (2071 0954 2525), Chen Jiagui (7115 0163 6311), Zhong Pengrong (6988 2590 2837), and Li Yang (2621 2254). Research personnel from the various institutes under the Economics Section participated in the discussions.

The proposal to establish a "socialist market economy" structure, put forward by the 14th Party Congress, sets down a more scientific, clearer, and higher goal for the next step of our country's reforms. Our task is to further liberate our thoughts and free our minds. We need to completely and accurately explain the scientific meaning of "socialist market economy" and its specific contents in various spheres. On the other hand, we need to creatively explore the strategies for moving towards this new structure.

The economic category "socialist market economy" encompasses two aspects of meaning: Socialism refers to the social relations of production where the public ownership system is the main part. Market economy refers to economic operational and resource deployment modes based on the market. The breakthrough in ideological understanding constituted by the formulation "socialist market economy" involved changing the former belief that "socialism" and "the market" are mutually exclusive to one another whereas the two are compatible. Some of the structural reform frameworks we planned in the past were subject to the restrictions of the target models at that time and, generally, the abovementioned idea whereby these two elements are "mutually exclusive" was the guiding ideology. In the structural reform frameworks we are now planning, if they are to achieve a breakthrough, the most important thing is that they manifest the theoretical breakthrough of a "socialist market economy". In the past, there was a theoretical perception that for the market mechanism to be fully brought into play, there was a need to engage in large-scale privatization. Today, we can proceed from the compatibility idea and can indeed take upholding

of the public ownership system as a restraining condition for reform. At the same time, we can establish an economic operational mechanism and resource deployment mode based on the market.

The concept of "market economy" has major differences as compared with the concepts of "commodity economy" and "regulation through market mechanism" put forward in the past: The "market economy" places greater stress on molding "market entities" and on bringing into play the autonomous role of these market entities in economic movement. It stresses the need for a complete market system as an economic mechanism for regulating resources deployment. It also places greater stress on the idea that state macroeconomic regulation and control should be given effect through market parameters. This requires that we break through past restrictions and not limit structural reform to price reform and the establishment of commodity markets. Rather, in the readjustment of property rights relationships, the reform of enterprise systems, and transformation of government functions, there should be greater breakthroughs. At the same time, in respect of perfecting the market system, we need to extend the reforms to the deeper level of production factor markets.

1. A strategy of active and gradual reform.

1.1—China's reforms have for the last more than 10 years followed a path of gradual progress. Facts prove that the gradual progress mode of reform is a successful road which is in accord with China's national situation, is endorsed by the broad masses, and has realized major achievements. It is a major creation of our party and the people of our country. The characteristic of this road of reform is that at the same time as the reforms are gradually pushed forward at quite a low social cost, quite a high speed of economic growth is maintained. China's future economic reforms will mainly follow this road.

1.2—The gradual progress mode of reform can be divided into "popularly-guided gradual progress" and "government-guided gradual progress." The first-mentioned is a spontaneous practical activity by the broad number of microeconomic entities under the general policy and overall environment of reform and opening up. The latter involves the government daringly taking on the responsibilities of reform promotion, grasping all beneficial opportunities, and adopting effective measures to push reforms forward. The achievements realized by China's reforms in the past were done so through the common promotional efforts of these two forms. The reform mode involving the mutual promotional roles and mutual coordination of the "two enthusiasms" of the people and the government should today be firmly upheld.

1.3—The main superiorities of the gradual progress mode of reform are that it avoids major social clashes and economic shocks and that reform is achieved while there is also growth. However, it should be recognized that this reform mode is not without costs. As the economy is an overall system, partially promoting gradual reforms inevitably produces a dual system which often results in economic signals overlapping and becoming distorted. The

problem of a serious loss of efficiency which this produces cannot be resolved for a long time and this forms new vested interests which "take advantage of the double-track system". They not only become new obstacles to reform but can also exacerbate social contradictions and gradually increase the factors of instability within society. Thus, taking the road of reform by which there is gradual progress does not mean that we can extend the period of transition for an unlimited time. Rather, we must grasp the beneficial opportunities and actively push the reforms forward, so that the transitional mode constituted by the double-track system can be gradually transformed into a single track. We must, to the greatest degree possible, speed the pace of reform and shorten the course of transition. This is the meaning of "active" and gradual reform.

1.4—After our country's 15 years of reform and development, the old system has begun to be broken down and the market economy has taken embryonic shape and has begun to play an active role in many spheres. The broad masses of people have tasted the benefits of reform, their enthusiasm for reform is great, their trust has increased, and their capacity for bearing the changes has been strengthened. The various areas and departments are also able to actively and positively engage in structural renewal. In addition, the international situation is extremely advantageous. In such a situation, facing the various problems which exist in the economy, we should grasp the beneficial opportunity and, under the precondition of clarifying the orientation of reform, actively strike, speed the pace of reform, and positively adopt some beneficial measures for deepening reform, especially some reform measures of relevance to the overall situation and which need to be implemented through the unified leadership of the central government. We should utilize the masses' enthusiasm for reform to break through the obstructions posed by some vested interests, so that reforms and opening up can reach a "new stage" as quickly as possible. In brief, we must take the road of "active and gradual reform". Otherwise, the continual changes in the domestic and international situations will result in the good opportunities being lost and the achievements so far realized may be forfeited.

1.5—In the present situation, actively accelerating reform requires that we correctly analyze the various sides. Gaining an accurate understanding of the various sides will be a breakthrough point of decisive significance in the reforms and will ensure that the reforms are promoted in a coordinated and integrated manner. Stressing the systematic nature of reform is not equivalent to one-sidedly seeking absolute coordination and integration. Sometimes, to speed reform, we should first achieve breakthroughs in some respects. There is no need for reforms in all respects to be pushed forward in a planned way at exactly the same time. Even if there are overall plans, they will have to be implemented in a certain sequence in accordance with the actual situations which exist. However, this "active and gradual progress" mode of reform requires that the government has an overall understanding of all aspects of

reform, so as to avoid the occurrence of "structural bottlenecks". This is because a "lag" in structural reform in any particular aspect can affect smoothly carrying out the overall reforms.

1.6—Establishing a socialist market economy is a new undertaking for which there are no precedents and, like all new undertakings, some risk is involved. If we blindly seek stability, it will not be possible to engage in new pioneering undertakings. In respect of the problems we face, true stability must be achieved through structural innovation. In order to achieve long-lasting peace for the country, more so at present than in the past, we need to bravely face the risks and difficulties we may meet in reform. This is not to say that we should ignore things and blindly rush ahead. Rather, we must scientifically analyze the subjective and objective conditions and only when we have quite successfully grasped these should we actively push forward.

2. Correctly handling the relationship between economic development and economic reform, to avoid a situation whereby excessively-high inflation affects the progress of the reforms.

2.1—The vitality of economic reform lies in the fact that it promotes economic development. We must strive to reach a new level in this every few years. However, the acceleration of economic development must be at an appropriate speed. An excessively-high speed of economic growth may bring with it excessively-high inflation. This will bring twists and turns to the normal operation of the economy and result in it being impossible to implement the reform measures.

2.2—Since the beginning of last year, our country's latent inflation pressure has been expanding. The growth in the scale of credit and money supply has, for several successive years, seen growth in excess of the economic growth rate and price rises. In the course of the market-oriented reforms, the switch from a materials base to a money base may absorb some of the money but the absorption potential is limited. Thus, sustained excessive money supply will, sooner or later, always lead to inflation.

2.3—At present, there are some economists who advocate using inflation to support a high speed of economic growth, and they believe that an inflation rate of about 20 percent will not give rise to great confusion. We believe that this idea has nothing to recommend it. The reasons are:

A. While the capacity of our country's urban and rural residents to bear inflation has been raised, much data, including surveys of people's opinions and so on, show that the people will find an inflation rate of 20 percent difficult to endure. Also whether or not the people's savings deposits can grow steadily has also become a key variable in stable economic growth. Maintaining the psychological stability of the people and avoiding the occurrence of inflationary anticipation by the people, and the panic-buying which accompanies it, has become something requiring great attention and serious consideration in macroeconomic regulation and control.

B. The unspoken precondition for using a quite high inflation rate to support economic growth is that the people have a "money illusion." However, such a "money illusion" can only prevail for a time and as soon as this "illusion" dies, the people will demand increased wages as compensation. When wage costs rise, the price of goods will also rise. If this continues, a malignant cycle of "wage and price increases" will occur. Such situations have been frequently seen in both our own history and the history of other countries. Some people place their hopes in wage "indexation" in order to resolve this problem. However, first, rather than indexation, would it not be better to have zero inflation? Second, indexation will involve quite complex technical arrangements and, as yet, no satisfactory method has been put forward. Third, indexation can still result in wage readjustments being unable to keep up with price rises. Even less will it be able to resolve the problem of the depreciation in value of savings deposits as a result of negative interest rates and the people will still be dissatisfied. In brief, when one looks at the experiences of various countries in a comprehensive way, there are no successful examples of indexation.

C. Even if the people's capacity to bear inflation is now quite great and 20 percent inflation will not produce great chaos, the government's macroeconomic monetary policy and economic growth targets cannot have 20 percent inflation as a condition. Given the current structural situation and the economic structure in our country, even with a quite tight money policy with single-digit inflation as its target, it will be very difficult to avoid the eventual outcome of double-digit inflation. If the policy sets out with a 20 percent inflation rate as the goal, it is possible that control over prices will be lost. Further, it has never been the case whereby a responsible government has taken the creation of a high inflation rate as a point of departure in formulating its policies.

In brief, we oppose the policy idea of accepting inflation in "exchange" for economic growth. On this basis we advocate that during the period of concentrated reform, we strive to keep the average economic growth rate under 10 percent.

2.4—In 1990 and 1991, our country experienced the phenomenon of market weakness. At that time, we pointed out that the weakness was not a structural change and that the structural characteristics of the "shortage economy" had not been eliminated. A buyers market which is intrinsic in the economic structure must be gradually achieved through continually deepening structural reform. During the process of reform, it is necessary to maintain a situation of overall balance between total supply and total demand, to form a buyers market through the process of model transformation and to strive for a quite relaxed economic environment beneficial to reform. To this end, we need to: 1) maintain an appropriate speed of economic growth; 2) carry out appropriate transformation of the development model, so that state development targets are changed from mainly quantitative and speed targets to goals which stress quality and benefits; 3) properly handle the relationship between controlling demand and

expanding supply; at the same time as controlling demand, we should not excessively affect supply and while expanding supply, we should not overly stimulate demand; 4) In the process of realizing a balance in overall volumes, in general we should not rely on administrative intervention; rather, we should implement a quite rational monetary policy and foster and strengthen the self-regulation and self-restraint mechanisms of enterprises; 5) an important indicator for assessing the buyers market is whether or not a relative stability of prices can be maintained; the increase in price levels reforms give rise to should, as far as possible, be kept within the scope of structural readjustments and inflationary price rises should be firmly restricted; and 6) at the same time as there is stable economic growth, the structural reforms should be implemented step by step. Today, we should continue to uphold this practice.

2.5—Maintaining the economy's continuous growth can create fine economic conditions for reform and especially for the gradual progress mode of reform. However, the trend towards overheating which has appeared in the economy at present, shows that our economic growth has, in many respects, not freed itself from the old-style growth model under the former system where there was "high speed and low efficiency," and where "relaxation gave rise to chaos," and which was characterized by "soft budgetary restraints." Thus the prime task and the focal point of our policy at present should be structural transformation. We should strive to realize, as quickly as possible, breakthroughs in structural reform and to achieve a change in growth models, so that the economy can soon travel on the fine track of "high efficiency, stability and high speed." Economic growth should reach a new level as quickly as possible and, more importantly, the "quality" of economic growth should also reach a new level as swiftly as possible.

3. Readjusting the industrial layout of the state-owned economy and bringing into play the relative superiorities of the state-ownership system.

3.1—Having the public ownership system as the main part does not mean that the state ownership system has to play the main part. State ownership is but one form of public ownership. We need to correct the old concepts of "state ownership being the highest form of public ownership" and "the higher the degree of public ownership the better." Instead, we should select the form and structure of public ownership by proceeding from the idea that it should be beneficial to raising production efficiency and developing the social productive forces. Under a mature market economy, the state ownership system has a relative superiority in industries which have a strong natural monopoly or are of an information monopoly nature, advanced industries, industries just starting up, as well as industries with great external effect. Thus, viewed overall, at present the state-ownership system has the problems of its involvement being too wide, its front being too long, and its deployment being irrational. Through measures such as delimiting the sphere of investment for state-owned assets, the sale of small-scale state enterprises, and the sale of equity in some medium and large enterprises, we can

appropriately readjust the industrial layout and optimize the deployment structure for state-owned assets.

3.2—The prime position of the public ownership system and the guiding position of the state ownership system should not be self-proclaimed. Rather, these should be formed through competition. The state should not arbitrarily use administrative measures to support state-owned operations and much less should it give them a monopoly position in competitive industries. However, the state should help such enterprises get rid of their heavy social burdens and create conditions and an environment for them for equal competition. In equal competition, state-owned economic entities should display their own superiorities through their own special roles and high efficiency.

3.3—For state-owned assets we need to implement an operational system by which there is ownership by level together with nongovernment operation. State ownership should not become an empty phrase. Rather, we should implement concrete prime-level government ownership. We should resolve the problem of state ownership property rights jurisdiction in accordance with the principle that the one who invests is the owner and receives the benefits. In accordance with the existing financial system, we can divide ownership into four levels—central, provincial (as well as autonomous regions, directly-administered cities, and cities with a separate listing under the plans), prefectures (as well as prefectural-level cities), and counties. The implementation of ownership by level for state-owned assets will be beneficial to resolving the problem of the lack of specific owners of state-owned assets. This will allow the strengthening of state management over state-owned assets. It will also be beneficial to a pluralization of the ownership entities for state-owned assets, thereby creating conditions for the reform by which the shareholding system will be introduced in state-owned enterprises. It will also be beneficial in bringing into play the enthusiasm of the center and the localities and raising the utilization rates of state-owned assets. It will also be beneficial to reducing management levels and will prevent situations where many entities manage the same enterprises, thus improving operational efficiency.

After the state-owned assets property rights are assigned to the various levels of government, they should not be directly administered by the government. Rather, civilian operations should be implemented. Implementing civilian operations is not equivalent to privatization. However, in readjusting the layout of the state-owned economy, we should not exclude private operations. Rather, we should sell some small-scale state-owned enterprises to groups or private persons. Especially in the short-term, the privatization of small-scale commerce is a realistic and effective measure in enlivening the economy. However, for the majority of the enterprises, implementing civilian operations will be the main means by which to change the traditional state-owned, state-run situation. This will assist in cutting the umbilical cord which links enterprises and government and, by adopting diverse operational modes, it will be possible to bring them onto the track of operating in accordance with market economy principles. To this

end, in the management and use of state-owned assets, we need to resolve the following issues: A. Establish complete government state-owned assets management organs whose function will be to carry out overall macroeconomic management and supervision of the state-owned operational assets, nonoperational assets, and resource assets, in terms of principles, policies, laws and measures, and to guarantee the efficient use of state assets and an increase in their value. B. Establish intermediate organs for carrying out the operation of state-owned assets, such as various types of investment companies and holding companies. Through these, the government administrative and management organs will be separated from production and operational enterprises. The functions of state-owned asset operational organs will be, as entrusted organs, agents of the owners of the state assets to hold shares, control shares, and buy and sell state shares in production and operational enterprises. This is a major means for clarifying the originally hazy property rights and responsibilities. C. Gradually realize a situation whereby state-owned assets are assigned values and efficiency is improved through assets flow and competitive operations.

4. Developing a mixed economy, readjusting and reforming the ownership structure.

4.1—The public ownership economy forms which are not state-owned, such as the collective and cooperative economic forms, have demonstrated a very powerful vigor since the beginning of the reforms. In future, they should see greater development. In addition, the various types of foundations which will appear under our country's socialist conditions, following the development of the market economy, will be new public ownership forms of a publicly owned nature. We should actively promote the development of these new public ownership forms so that they can play a more important role in the market economy.

4.2—The nonpublic-ownership economy should also have great leeway for development. As compared to the planned economy, while the socialist market economy does stress "the public ownership system as the main part," it clearly does leave more leeway for nonpublic-ownership economy components than does the planned economy. Since the beginning of the reforms, individual and private operations and joint venture enterprises have seen very great development and they have become important component parts of our country's socialist market economy. Even if these economic components see further development, they will not affect the prime position of the public ownership system. On the contrary, they will prove very advantageous to strengthening market competition and raising the efficiency of the the public ownership system. Thus, on the policy and legal levels, we must create conditions for the development of these economic components. At the same time, we must standardize their activities so that they achieve development under the precondition of legitimate operations.

4.3—Reforming the traditional divided ownership system structure and closed property rights operational forms.

Following the development of production factor markets, the deepening of financial reform, and the establishment of the shareholding system and other modern market economy organizational systems, diverse ownership rights forms will intermingle in the course of assets use and operation and divisions will become increasingly hazy. This will give rise to many enterprises being of the form whereby "you have me in you and I have you in me." It will also be very difficult to divide enterprises on the basis of ownership systems and many more mixed property rights structures will appear.

4.4—Following the coexistence of diverse ownership systems and the emergence of merged and mixed property rights structures, our country's ownership system structure will see the formation of two levels (a macrolevel and a microlevel). On the macrolevel, plural investment entities will be formed and, in terms of the total volume of funds, the public ownership system will continue to occupy the primary position. On the microlevel (within the enterprises), the various ownership forms will permeate and merge with each other.

5. Reorganizing property rights relationships, establishing a modern enterprise system.

5.1—Regardless of whether we speak of transforming the state-owned enterprise operational mechanism or developing nonstate-owned enterprises, in both cases it is necessary to carry out renewal in the enterprises system. Transforming the enterprise operational system is one of the key links in establishing a socialist market economy system. Our country's traditional enterprise system was established in order to suit a highly-centralized planned economy. Its major defects are in that: Enterprise administration is mechanical; property rights are closed; organizational forms are not corporatized; external management is not conducted through the legal system; and income distribution is egalitarian. The reforms up until now have always been a product of the idea of expanding powers and allowing the retention of some profits. They have not touched upon the traditional enterprise system itself and enterprise reform has not achieved much substantive progress. Facts prove that if we do not resolve the property rights question and carry out renewal of the enterprise system, it will be impossible to achieve a basic transformation of the enterprise operational system.

5.2—The basic line of thought for carrying out renewal of the enterprise system is to establish a real enterprise corporate system. An enterprise corporate system is a modern enterprise system. Its main characteristics, and in which its progressive significance lies, are: A. Enterprises, as personified economic organizations, become independent commodity producers and operators, and are able to shoulder their civil responsibilities independently. B. Enterprises become asset holders and entities responsible for their own profits and losses. Corporate enterprises strictly differentiate, on the legal level, between the assets of the enterprise and those of the other investors. The enterprise has corporate ownership rights in respect of the assets which investors have invested, as well as those assets

which result from appreciation, and it can use them to assume limited liability in respect of creditors. Enterprises implement real responsibility for profits and losses. C. It completes the separation, in the modern sense, of ownership rights and operating rights. In natural person enterprises and cooperative enterprises, investors are the owners of the enterprise's capital as well as the controllers of enterprise assets. In corporate enterprises, a certain degree of separation appears between the capital ownership rights and operating rights. The enterprise operators are not the owners of the capital, or certainly not the major owners. Rather, they are a management strata which has specialized knowledge. The assets which the operators manage are not, or are generally not, their own. D. It creates a good form for expanding the scale of production and implementing the socialization of capital. E. It produces a rational assets deployment mechanism. Some corporate enterprises are established by public issues of shares to society and the results and strength of the enterprise are reflected through the number of shares which are issued and the rises and falls in their prices. This forms a complete market appraisal mechanism, which is beneficial to having social resources continually deployed in accordance with social benefits. Through competition, the success of the superior and the weeding out of the inferior is achieved, as well as the readjustment of the production structure.

5.3—If we are to ensure that our country's state-owned enterprises are to become true corporate entities, we must put great efforts into developing shareholding companies. Shareholding companies are typical corporate enterprises. The development of diverse types of ownership forms in our country and ownership of assets at different levels, will result in the formation of plural investment entities. This will create the necessary conditions for state-owned enterprises to engage in shareholding transformation and for the development of new shareholding enterprises. Through putting the property rights relationships between the center and the localities in order, we should sell a part of the assets stock or assets increments of the state-owned enterprises to collectives or individuals. By issuing shares, the funds of the staff and workers of the enterprise and other members of the public can be used to purchase share equity. By developing joint fund enterprises, and corporate propriety and holding companies, state-owned enterprises can be transformed into shareholding enterprises.

5.4—There are many forms of shareholding companies. On the basis of their responsibility for liabilities and whether or not they are divided into shares of equal value, shareholding companies can be divided into unlimited liability companies, limited liability companies, limited shareholding companies, limited partnerships, and limited shareholding partnerships. (Simply put, those companies in which a certain number of persons have invested by purchasing shares, and among whose shareholders are some with unlimited liability and others with limited liability, are called limited partnerships. Limited shareholding partnerships are companies wherein all of the capital is divided into shares of equal value and there are both limited liability shareholders and unlimited liability

shareholders. The difference between these and the limited partnerships is mainly that the entire capital of the partnership is divided into equal shares.) As unlimited companies, limited partnerships, and limited shareholding partnerships all have shareholders who shoulder unlimited liabilities (the British, U.S. and French Governments do not recognize these as corporate enterprises), the adoption of these company forms is not beneficial in the transformation of state-owned enterprises and disadvantageous to social stability. Thus, our country's shareholding enterprises should adopt the two forms of limited liability company and limited shareholding company. Further, because the shares of limited liability companies can be put on the market, they can have a great effect on society. Thus, they should be firmly controlled. We should only adopt this form for a small number of large enterprises which are operated and managed well. For the majority of enterprises, we should only adopt the forms of limited liability company and fixed-direction fundraising limited shareholding company. What needs to be pointed out is that the focal points in the current shareholding transformation of enterprises should be to urge enterprises to turn assets into equity and to allow enterprise equity to flow. We should not be stressing the expansion of enterprise capital through the shareholding transformation. That is to say, the significance of the shareholding transformation of enterprises lies in structural transformation rather than in fundraising.

5.5—When state-owned enterprises implement shareholding operations, for general enterprises in competitive industries, the state can take a participatory shareholding and need not have a controlling shareholding. In respect of a small number of large and very large enterprises which have a major influence on the national economy and the people's livelihood, the state should hold a controlling number of shares or even all the shares. The specific proportions should be decided on the basis of the position of the enterprise in the national economy and degree of equity dispersal.

5.6—The shareholding system should become the major form for our country's enterprises. However, not all state enterprises can implement shareholding operations. For those enterprises which need to retain the state-ownership form or which do not have the conditions to implement shareholding operations, we still need to cut the umbilical cord connecting the enterprises to government administrative organs and operate them through the form of civilian-operation enterprises, so that the enterprises have corporate ownership rights over the assets they operate. Within enterprises, we should implement a responsibility system involving managers under the leadership of a board of directors, changing them into corporate enterprises, with no units responsible for them.

5.7—We must form a network-type enterprise organizational structure with horizontal links playing the main part. The adoption of a modern enterprise system requires a corresponding enterprise organizational structure. In accordance with the demands of the market economy we must, through specialized coordination, links, and

mergers, transform the pyramid-type enterprise organizational structure, which has vertical management as its main part, into a network-type enterprise organizational structure which has horizontal links as its main part. In this way, enterprises under different ownership systems, in different areas, and of different scales, in accordance with the demands of developing a market economy and socialized large-scale production, can achieve rational division of work and mutual exchange of superiorities.

When readjusting the enterprise organizational structure, we must particularly develop key enterprises which are large in scale and have famous products. Large enterprise groups will hold shares in related companies and bring into play their special roles in scientific research and new product development, realizing the state policies and industrial policies, and in international trade. However, the enterprise groups must be economic entities formed by many enterprises linked on economic and technological levels. They should not be government administrative and management organs. In the process of developing enterprise groups, we must guard against the possibility of enterprise groups becoming simply administrative organs.

6. Developing complete market systems, establishing strict market order.

6.1—At present, regulation by market mechanism in our country has had some positive effects and some negative effects. The reason for this is that the market is still in its primary development stage. The commodity economy has gone through several years of development and thus has a certain base, but the markets are seriously divided, competition is unequal, and market movement is chaotic. These and other problems restrict the further development of the markets. The overall production factor market is still subject to controversy and is only in the sprouting stage. The labor market is not moving ahead because the problem of commoditization of labor has not been resolved and the state's practice of guaranteeing employment has basically not changed. The capital market is still establishing its position and being debated. Land and technology markets are also not yet standardized in their operations. Thus, we need to have a sober understanding as to the degree of development of our country's overall market systems and must not be too optimistic.

6.2—The establishment of market mechanisms and market systems is not a natural process. It requires that the state plans, participates in, and implements these things. The state should completely give the market all those economic problems which it is able to resolve, such as commodity supply and demand, price rises and falls, and the flow of production factors. In this way, it will provide the preconditions for market operation. On the other hand, the market is not capable of all things. In respect of the market's blind spots and its inherent functional defects, it is necessary to use government functions as a supplement. For example, the realization of social equality, the planning of market development, the establishment of regulations for market operation and regulation, the supervision of market entities, and necessary

intervention in the market will need to be carried out for quite some time to come and will thus have to be focal points for future government work. In particular, in the current situation where the development of the various markets has not been standardized, there will be a need for the government to guide and foster them.

6.3—The core of the market mechanism is the pricing mechanism and price reform is the crux of market development and market system formation. The goal of our country's price reforms is to establish a macroeconomically-regulated and controlled market price system. Through the last 15 years of reform, our country's price reforms have realized major achievements. The prices of consumer products have basically been freed, while the dual-track means of production prices are swiftly merging. The majority are now subject to a single-track price determined by the market. Service prices are, through readjustment and freeing, gradually moving towards rationality. Making the prices of means of production subject to the market has just begun. To promote the development of markets and fully bring into play the market mechanism, future price reform should be developed in the following areas: A. The prices of competitive commodities and services should be freed within three years. B. We should put the prices of commodities and services which are fixed by the government in order within five years. C. The tracks of renminbi and foreign exchange prices should merge and a floating exchange rate system implemented within five years. D. Domestic and foreign market prices should gradually be linked (linkage to first be achieved in tradeable goods). E. The process whereby capital and land prices are made subject to the market should be accelerated. F. We must gradually establish and perfect a price regulation and control system.

6.4—In developing the market economy, we must affirm legitimate activities. The various price and time differentials formed by the market economy provide people with operational and moneymaking opportunities. Keen-eyed people with entrepreneurial flair are able to find and utilize these opportunities. The process by which they use these opportunities is also the one by which rational distribution of social resources is carried out. As they move commodities from low-price areas to high-price areas, and from low-price seasons to high-price seasons, they are continually resolving various supply-demand contradictions in society. Only thus can the market economy achieve healthy development. At the same time, we must prohibit and strike at illegal speculative activities which violate the law and damage market order.

6.5—The government, in its management of the market, should gradually move from rule by man to rule by law. Whether or not certain things can be done, and whether or not fines should be imposed for certain things should not be decided by the arbitrary words of a small number of officials. They need to be set down clearly in law. We must seriously strike at false, imitation, sham, and inferior products. As to economic activities which people get involved in, provided they are not illegal, government officials should not intervene arbitrarily. Some economic

activities require examination and approval seals from various departments. Strict time limits should be imposed on these departments, so that there is absolutely no possibility of people having to wait several months, or even several years, for documents to be stamped. At present, there are too many seals and stamps needed. We must, by putting great efforts into streamlining the government administration, resolve this problem by changing government functions.

7. Freeing investment decisionmaking powers, making efforts to develop a funds market.

7.1—There have been many types of plans for reforming the investment system. However, regardless of how high or low the various management limits are set, or which of the various levels of management powers are taken back or handed down, or whether we talk about changing allocations to credit and so on, none of these proposals are able to basically free themselves from the traditional planned economy mode, under which there is management by department and region and each of these is divided into levels.

In order to accord with the demands of the socialist market economy, we must change the old ways of managing fixed assets through departments and regions. We must change the existing practice by which planned management is only implemented in respect of whole-people ownership enterprise and institutional units, a noninterference policy is adopted in respect of other economic components, and preferential treatment is accorded foreign-funded enterprises. We must change the traditional practice whereby total social fixed asset investment is divided into the three blocks of whole-people, collective and individual, there is further division of the whole-people investment into the two types of capital construction and technological transformation investment and, on this basis, there is distinctly differentiated management and project examination and approval systems. We must end the situation whereby the leading cadres at various levels of government are the final policymakers in respect of investment. We must swiftly turn around the situation whereby the risks of investment are borne entirely by the state banks. We believe that in the next step of the reform we must implement three major changes in the investment sphere: The decisionmaking entity responsible for investment in profit-oriented activities should change from government to civilian organs; the major source of investment should be changed from allocation to bank credit and direct financing; and the investment risk should be jointly borne by the investment decisionmakers and the final investors.

7.2—Coordinated with the reform of the investment system, we must speed the development of a capital market (that is, a financial market for financing over a period of one year or more). One of the elements in developing a capital market which is suited to a socialist market economy is strongly developing a standardized direct financing market which has bonds as its main element and shares as a supplement. In order to combine the development of a direct finance market with the

readjustment of the industrial structure, at present the state should give the bottleneck industries, such as transport, energy, and telecommunications, the priority right to use shares and bonds to raise funds. At present, in these sectors, prices have not yet been freed and investment repayment rates are quite low. Thus, any shares they issue will not appeal and it will also be difficult for any bonds to offer a high interest rate. The aim of the reforms is to enable the prices in these industries to also be basically freed. At present, we can adopt the method of new prices for any new enterprises in order to make the transition. In this way, these sectors will be able to issue capital market instruments under preferential conditions, drawing in more social funds. In future, following the alleviation of the bottleneck situations and the basic freeing of prices in these sectors, the state will not have to limit the issue of shares and bonds by various industries. The number of shares and bonds which can be issued by an industry or by an enterprise will then basically be regulated by the market.

7.3—A second element in developing a capital market is reforming the credit system of banks. The collecting and distribution of idle funds in our society is mainly carried out through the banks drawing in deposits and issuing credit. The basic characteristics of our country's banking system are that it is state-owned, the state operates it in a unified manner, and the state assumes all profits and losses. Under such a system, the banks actually became the largest "common canteens" in the society. Negative interest rates were quite high and credit was issued in accordance with state plans or the administrative orders of local governments. There was an increasing amount of "administrative credit" and "stability and unity credit" issued. The vast majority of credit was never repaid after being issued and nobody followed up those who failed to repay credit. All of these aspects were manifestations of the softness of "budgetary restraints" for bank credit funds.

7.4—The essential significance of developing a funds market lies in the restitution of the commodity nature of funds, so that they are bought and sold in accordance with the principles of commodity exchange and finance is carried out in accordance with the market mechanism. Through this series of laws, regulations, and mechanisms, the funds potential of the whole society will be fully tapped and, in accordance with the principle of distribution through selecting superior operations, these funds will be rationally distributed to all areas of the economy. This will ensure that the funds see the best use and thereby will guide social resources in realizing optimal deployment.

7.5—At present, the problems of the development of a capital market are manifest in the direct financing sphere. The main manifestations are the lack of standardization and the relatively widespread nature of the phenomenon of "indiscriminate collecting of funds." Some use administrative measures to raise funds, violating the investment wishes of investors. Some of the funds raised are not used in building highly-efficient projects but, instead, are used in making up for enterprises losses. Some funds raised are used in blindly opening up development zones, resulting in

a waste of funds, and so on. The development of such a nonstandardized funds market is not only disadvantageous to stabilizing money, and the readjustment of the industrial structure, but the interests of investors are not effectively guaranteed. In order to ensure the healthy development of a funds market, it is necessary to promulgate a "Securities Law" as quickly as possible, to guide all direct financing onto a standardized track.

In the indirect financing sphere, the main problems are that the credit measures are outdated and such credit is of low efficiency. At present, the medium- and long-term credit of financing organs in our country is still mainly unsecured loans. This means that the credit lacks a scientific basis and also means that the credit organs lose the capacity to withstand risk. In the next step of the reforms, we need to establish a secured loan credit system as quickly as possible. The security might be various types of material assets, such as real estate, machinery or equipment, and so on. It might also be suitable financial assets recognized by the state, such as state treasury bonds or other securities of well-known companies. Another important element in raising the use efficiency of funds by financial organs is reducing administrative intervention in credit matters and removing the "political" responsibilities and "macroeconomic regulation and control" responsibilities of commercial finance organs. This requires that we swiftly promote the process of commercialization of finance organs (except the policy-type financial organs).

8. Accelerating the formation of a labor market, bringing wage distribution onto the track whereby it is regulated by the market mechanism.

8.1—In the process of reform, we have never dared to squarely face the problem of the labor market. In its place we have used terms such as labor service market and skills market. However, the labor service market and the skills market are but parts of the labor market. If we use the part to represent the whole, it will result in the abnormal development of the labor market. At present, those parts which are most active are the labor service market and the market for skilled persons with specialized knowledge. However, speaking overall, a labor market has not yet truly been formed. There exist some frightening theoretical obstacles to a labor market which have resulted in labor resources, which are the most important aspect of our country's resource deployment, still being able to only partially enter the orbit of regulation through market mechanism. In the next step of the reforms, we should clearly employ the term "labor market" [lao dong li shi chang 0525 0520 0500 1579 1034] to promote its development.

8.2—The crux of developing a labor market is having the state give up its status as the main employer and main labor distributor and creating conditions whereby the enterprises and staff and workers can choose each other. Of course, implementing a system where there is complete freedom for the two sides to choose will require a process over time. We must not adopt the form of a movement like

we did in "smashing the three irons" in order to resolve this problem. However, likewise, we must not hesitate and make no progress.

8.3—Like many countries which have implemented reforms, China's economic reforms began with the activation of incentive mechanisms. The wage reforms which extended up to 1985 were of this nature and included readjusting the wages of staff and workers and reviving the bonus system. In 1985, a structural wage system was implemented in organs and institutional units, whereby the total wages of an enterprise were linked with its economic results. Although the quite traditional system has seen some progress, these reform explorations have not changed the characteristics whereby the state is the prime element in distribution and whereby administrative measures are used to set wage standards, wage levels, and wage systems. The way enterprises implement the wage-results linkage also means that it is a wage determination form which is half decided by administrative coordination. The most basic reasons for this are that there is no suitable standard for assessing the value of labor and the right to own and use labor belongs to the state, meaning that individual laborers become production factors in the hands of the state and negating the commodity attributes of labor. This results in the state having to implement unified guarantees for the laborers in terms of food, clothing, shelter, and transportation. This both adds to the burdens of the state and dampens the enthusiasm of the broad number of laborers. In order to change this situation, it is necessary to form a multilevel labor market, so that laborers can choose their posts and obtain due remuneration through the market. We must also establish a social guarantee system, so that laborers are freed from the unitary employment guarantee and so that a mechanism for labor flow is formed thereby.

8.4—The state must gradually retire from its position as the major entity in wage distribution and do well in its role of macroeconomic regulator, controller, and supervisor. If the wage raises and wage levels of some laborers, and the wage amounts to be distributed to every worker, are managed in a unified way by the state, it will be impossible to break free from egalitarianism and it will also be impossible to eliminate the dual-track system for individual income which exists at present. In implementing regulation by market mechanism in the wage system, it will be necessary for the state to withdraw from its "big boss" position in wage distribution. Wage distribution should not be arranged directly by the financial administration. Rather, total wage volumes, levels of increase, and individual income amounts should all be handled by the enterprises. The state should merely ensure that wage increase rates are kept within the level of economic growth rates, utilize taxation to regulate the overall volume of wages and individual wage levels and through minimum wage legislation and other measures, safeguard the interests of the laborers. As to the wage-results linkage presently implemented in enterprises, because this is a semi-administrative method of regulating wages, seen from the long term, this should also make a transition to where there is regulation through market mechanism. As to those

wages which are paid by the state financial administration, they should be appropriately regulated on the basis of wage levels in enterprises and the economic development situation. They must not be determined on the basis of the financial balance of payments. In this way, a fine wage increase mechanism will be formed.

8.5—The various types of hidden wages should be made obvious. Seen from the present situation, the proportion of open wages has become increasingly small, while the proportion of hidden wages in kind or in welfare benefits has become increasingly great. The reforms need to ensure that welfare and subsidy income is included in money wages, so that wages are more obvious. However, at present, the excessively low cut-in point for income regulatory tax means that if hidden income becomes obvious income, people will have to pay more tax. This has resulted in difficulties in systematically promoting the wage reforms, housing reforms, and taxation system reforms as a whole. Rather, they are dislocated from one another and impede each other. Thus, making wage income more obvious will require coordination between various inter-related reform measures.

9. Further reforming the urban land market and rationally distributing earnings from land.

9.1—The goal of our country's urban land use system is to establish a systems framework which is in accord with the socialist market economy and, relying on this, to raise the efficiency of urban land deployment. This new framework will mainly include four aspects: An urban land property rights system; an urban land market system; an urban land earnings distribution system; and an urban land planned management system. In the last few years, we have realized major progress in the building of the systems in these four areas. The task of future reforms is to further perfect these systems.

9.2—The urban land property rights system. The separation of the state's ownership rights over urban land from the operating rights, is a crucial step in establishing a socialist state-owned land property rights system. State-owned land can then, in accordance with its area and its use, be divided into various types, can be represented by governments at different levels and operated by functional organs (such as land bureaus or construction bureaus) which they appoint to this task. The present system, whereby approval level jurisdictions vary on the basis of the size of plots, should be abolished. This should be replaced by arrangements under which there is examination and approval on the basis of the scope of representative power. The present situation of unclear operation of state land must be swiftly ended and specialized organs must be designated to operate state-owned land so that it can be managed within the respective budgets.

Simply using "use rights" to define the land rights which land users obtain is insufficient. We need to separate land rights into: 1) appropriation rights; 2) land use rights, land service rights, and rights of way; 3) earnings rights; and 4) sales rights, transfer rights, leasing rights, mortgage rights, disposal rights, and so on. On the basis of clearly defining

land rights, the state will, according to needs, decide which of the rights shall be given to land users as well as to what degree the users can enjoy the rights and for how long. At the same time, it will have the power to readjust these arrangements as well as the final right of disposal.

9.3—The urban land market system. The set up whereby the state monopolizes the primary market and frees the secondary market is in accord with our country's situation. The problem is, regardless of whether we speak of the primary market or the secondary market, in neither case has a mechanism been established by which a land-use price market can be formed. In the primary market, the prices determined by administrative organs still constitute the majority. In the secondary market, because specialized land appraisal organs are extremely scarce and competition is not very full, there is still a great arbitrariness in determining land prices and prices lack greatly in transparency. In future reform, as short-term measures, we should put efforts into training specialized land appraisal personnel and establishing specialized appraisal organs. The result of such appraisals should be the major basis for determining land prices. As long-term measures, after accumulating quite a large amount of land transfer data, the government should put efforts into establishing a "publicly announced price" system, which can guide and provide standards for movement in land prices. This can also provide the major basis for land taxes.

9.4—The distribution of land earnings. As land earnings and the growth in land earnings are created through diverse economic activities by all sorts of economic entities, it is quite a rational situation that land earnings are shared by various relevant economic entities. At present, the main problems which exist in distribution of land earnings are those of insufficient channels for the government to obtain land earnings and income not being abundant. At the same time, in some cities there exists the problem of governments using nonstandard measures to obtain land earnings in a concealed way. Standardizing the forms by which the state obtains land earnings, in order to guarantee that the state has an appropriate share of land earnings, should become one of the focal points of future reform: A. At present, many cities use methods such as increasing charges and levies as well as uncompensated exaction of goods (so-called rent in kind) to obtain earnings from the land they hold. This is disadvantageous to the healthy development of a land market and we should, as quickly as possible, standardize these into a formal transparent land tax system and public service fee-collecting system. B. Land use tax should continue to be levied but the taxation techniques should be improved. The taxation target should be the price of the land and not the area of the land and the tax rates should be divided into various grades on the basis of land prices. (Our country's Taiwan Province has six grades, the lowest rate being 10/1000 and the highest rate 55/1000). In respect of land used in different ways, there should be different tax rates. For example, commercial-use land should have a higher rate than industrial-use land and industrial-use land should have a higher rate than residential-use land, and so on. C. It is proposed that we levy a land tax aimed at land

transfers. Seen from the angle of taxation fairness, an added-value tax for land is superior to a land-transfer tax. However, an effective added-value tax for land demands several necessary conditions including, at least, a good land registration system, a publicly announced land price system with a wide coverage, and a strict auditing system. Clearly, our country does not as yet have these conditions. In a situation where these conditions do not exist, promoting an added-value tax for land will not fail to achieve the anticipated goal of increasing financial income and fair distribution but will also be harmful to the solemnity of tax levying. Thus, we advocate that in the near-term we levy a quite simple land-transfer tax. Later, when the conditions are ripe, we can switch to levying an added-value tax for land.

9.5—Land planning and management. The state economic plans, land-use plans, and urban plans all manifest the planned management of the land market. However, in respect of the special resource constituted by urban land, in the plans for managing the space deployment structure, the plans of a single city will play a major role. Our country's urban planning is relatively backward. This is manifest in the fact that many cities and regions (new cities and development zones) still have no plans. On the other hand, it is also manifest in the fact that many existing plans are far from deep enough. Thus, in the process of future reform and development, firm implementation of the "Urban Planning Law" is of great importance.

10. Attaching equal importance to renting and sales, deepening the reform of the urban housing system.

10.1—The reform of the urban housing system, which began in 1980, is now going full-steam ahead. New models of housing reform have been tried out in different localities in the course of practice. These include the method of substantially increasing rentals and rent subsidies as practiced in Yantai, Tangshan, and Banbu; the "five-in-one" comprehensive reform as practiced in Shanghai; as well as the so-called "market" model as practiced in Shenzhen and Wenzhou. However, the reform of the housing system does not seem to be getting anywhere. This is due to a variety of reasons, such as the fact that residential rentals cannot be raised to an appropriate level within a short time, the price of commodity housing has been spiraling, and a system for financing housing construction has not yet been effectively established.

Housing reform is a long-term and arduous task. Foreign experience tells us that it takes at least 30 years to complete the transition from a welfare-based housing system to a market-based one. Thus, we cannot expect to see a new housing system instituted in our country within a short time. Given the protracted and arduous nature of this process, we must exercise great care in choosing a model that is best suited to us and, what is more, we must stick to it once the choice has been made.

10.2—The crux of a housing model which meets the requirements of the socialist market economy is that the majority of users have to pay for their living quarters out of their own pocket. Whether this expenditure is spent in the

form of rentals or home purchase payments, and regardless which of these constitutes the mainstay in society as a whole, will not affect the nature of this housing system. Attempts to a dogma arbitrarily which is not well substantiated (such as the argument that we must have a predominantly rent-based system in order to preserve the characteristics of socialism), and taking such a dogma as the target model, will not get the housing reform anywhere.

We believe in attaching equal importance to both rentals and sales of housing units. However, in order not to put residents in a situation where they have but one choice, we emphasize the need to keep rental and real estate prices in good balance. More precisely, this means that the current total value of rentals paid over a number of years should be roughly on a par with the property price.

10.3—In the sale of existing housing units (particularly old houses), discounts should be allowed on the basis of a suitable evaluation of their current prices. "Prohibiting the sale of property at a low price" is neither possible nor reasonable. However, there should be relevant policies and regulations governing property sale at a discount: A. There should be an evaluation of the current prices of housing units by special evaluation organs. B. The government should set down clear stipulations regarding discount rates on housing units (the British government offers residents a 20 to 60 percent preferential discount rate in the sale of public housing). C. In order to be fair, the size of units to be sold at a discount to each qualified citizen should be fixed (for example, not exceeding the average size of housing units in the locality) and market price should apply to floor area in excess of this limit. D. There should be rules governing the transfer or subleasing of housing units thus purchased. E. Housing units sold should be managed by socialized housing organs.

10.4—Rentals should be raised steadily. While wages or subsidies should be appropriately raised in tandem with the increase in rentals, a percentage of the increase should still be borne by the tenants. In a market economy country, housing expenditure generally accounts for over 10 percent of household income. Rents borne by tenants in China, also could be set at roughly 10 percent.

10.5—The current system of commodity housing development is basically one which is targeted at the high-income bracket. This causes commodity property development to drift away from the housing system and even to become a factor hindering the reform of the housing system. The state should establish a housing development system that caters for the needs of the middle- and low-income earners. To do this, the state must allocate land either gratis or at a low price, supply part of the necessary funds at a low interest rate, and make special arrangements to meet their construction needs. This requires that the state financial administration make yearly allocations for the development of urban housing. The reason is that although housing is not a "public product" in the pure sense of the word, at least it has some "public" flavor. Moreover, the socialist social security system itself embodies the need to provide residents with appropriate housing. We believe

that in a socialist market economy, if state enterprises are to continue to play a dominant role, housing development is one of the areas which will really count. If government subsidies are to be retained, subsidies on housing for low-income earners should definitely account for the major part of such subsidies.

10.6—The situation whereby the majority of public housing units are in the hands of enterprises and units should be gradually changed. This is not only necessary for the reform of the housing system but also for the reform of the enterprise system. Given the complexity of the problem, units should first be asked to separate housing accommodation from their organizational and financial accounts and keep their books on the circulation of funds as open and simple as possible. They should then be helped to establish specialized local housing agencies with the housing units as share capital. When rent and real estate prices have been brought roughly on a par, these agencies should be made to assume responsibility for their own profits and losses and eventually sever their links with their units and become genuine housing agencies.

10.7—The development of a system of financing for housing construction has reached the stage where it can no longer be put off any further. In this connection, we should discard the concept that housing construction is a kind of "nonproductive" construction and should, instead, see it as a key area of future economic development. Based on this concept, the state should directly allocate sufficient funds for housing construction yearly and finance organs should be established as quickly as possible. Finance vehicles which provide direct funds for homebuyers—home mortgages—should also be developed and promoted without delay.

11. Establishing a social security system covering all laborers in society in accordance with China's national conditions and the principle of a modern social security system.

11.1—China's existing social security system comprises the following four independent systems: A. A social security system for the staff and workers of state organs and institutions. Funds come from the wages fund set aside by the government from administrative management fees and operating expenses and their use is also stipulated by the government. B. A social security system for the staff and workers of state enterprises. Funds come from the wage fund and nonbusiness expenses of enterprises and their use is also stipulated by the government. C. A social security system for the staff and workers of collectively-owned township enterprises. Funds come from enterprise profits and their use is similar to those of state enterprises. However, since conditions vary greatly between different collectively-owned enterprises, the social security benefits enjoyed by their staff and workers also differ substantially. D. A social security system for rural inhabitants. On the whole, rural inhabitants are basically unentitled to any social security benefits other than small amounts given in the form of "cooperative medical expenses." It is only when they fall victims to natural disasters that they get

some relief from the government. The state stipulates that rural grass-roots organizations must provide for those old-age peasants who have no children with "five guarantees" (that is, food, clothing, medical care, housing, and funeral expenses). Funding comes from amounts retained by the collective economic units. Peasants working in rural collectively-owned enterprises are also entitled to similar social security benefits as those enjoyed by their urban counterparts.

11.2—Reform of the social security system carried out on the abovementioned basis involves great difficulty and it is impractical to think that we can establish a standardized, modern social security system within a short time. As things now stand, we can only aim at the establishment of a social security system which covers all laborers in society over a considerably long period. In other words, we should aim at giving all laborers in society some degree of social security, but should not diligently strive for a system that provides basically the same social security to every laborer. In the meantime, we should strive to establish and improve on the following three social security systems: A. A social security system for the staff and workers of state organs and institutions. B. A social security system for the staff and workers of enterprises (including state-owned enterprises, township collectively-owned enterprises, foreign-invested enterprises, and township enterprises). C. A social security system for rural inhabitants.

11.3—The primary problem to be tackled in the establishment of a social security system is the source of funds. We are in favor of learning from Singapore's provident fund system. We believe that: A. Individuals and enterprises (or collective economic organizations in the rural areas) should be required to make compulsory contributions to a social security provident fund. B. Social security provident funds paid by an individual and his enterprise should be credited to his name and basically set aside for his own use. C. We should proceed from a low level and a small scope, that is, start with old-age pension and unemployment insurance and, depending on the availability of funds, extend the benefits to cover medical treatment, housing and education.

11.4—Social security provident monies should be managed through funds. If it is not possible to have a proper organizational set up ready at short notice, financial departments, insurance companies, and other financial institutions may be entrusted with the management and operation of these funds. It should be emphasized in particular that: A. Misuse of social security funds by governments at various levels, the levying of tax on such funds, and other forced payments and apportionments should be strictly prohibited. B. Safe and dependable investment aimed at the continuous expansion of these funds should be encouraged.

11.5—Given the mobility of labor, it is generally believed that the management of the social security system should be placed mainly in the hands of the central government. However, given the size of our country and the fact that our social security system is still at its inception, we are in

favor of first placing the system under the unified management of local governments, with management to be handed over to the next higher level when conditions are ripe.

12. Deepening the reform of the rural economic structure and promoting economic development in the rural areas.

12.1—Market-oriented reforms in the rural areas and the rural economy should set the pace for economic reform as a whole. At present, the prices of most agricultural products, including grain, have been or are being deregulated and township enterprises can operate in a less distorted market environment and competition scenario. However, in the course of establishing a market economy structure, the development of the rural economy faces many new problems and these have to be tackled through further reforms.

12.2—In developing the market economy, one question which needs to be resolved is how can peasants enter the market. It is necessary to truly establish the dominant position of peasants in the rural market economy by giving them the power to decide what to produce or exchange and letting them freely trade or engage in long- or short-distance wholesale businesses within the limits prescribed by law. In this way, a number of peasants will be able to gradually free themselves from agricultural production, organize rural trading networks, and engage in the marketing of agricultural products and the supply of rural industrial products. Through these networks, the scattered peasants can be brought into the fold of the domestic, as well as international, markets.

In order to facilitate the entry of peasants into the market, the government should pave the way by constructing the necessary transport and communications facilities.

12.3—The mobility of rural surplus labor is another major problem that must be tackled in the development of the rural economy. When mobility of surplus labor is not allowed, and several able-bodied men from the same household are made to work on a small plot which is only two or three mu in size, it is impossible to increase the yield no matter how they try to change their mode of production. With a vast population, limited land and a low per capita income, it is not easy to promote mechanization. The peasants also find that activities organized by their local authorities for the public good are giving them added burdens. Hence, contradictions between peasants and the government appear particularly acute. When there are many people and little land, the relative cost of agricultural products is high. Despite repeated upward adjustments, however, the prices of agricultural products have still been kept artificially low. Yet, even at the current price level, China's agricultural products cannot compete in the international market. Agriculture is likely to be the hardest hit after China re-enters GATT. Thus, the future of China's agriculture depends, to a large extent, on how much mobility the huge surplus labor in the rural areas is given. Besides the present practice of relying on the cities to absorb part of the migrant population, the fundamental

way out in resolving the problem of the transfer of rural population lies in the vigorous development of township enterprises and small towns.

12.4—China's arable land is currently collectively-owned and is allocated to peasants on a per capita basis. This system of management has produced various problems, including: First, it is not conducive to the centralized management of land and the mechanization of farming. Since mixed farm plots of different grades are allocated to several peasant households on an average basis, some households may be allocated several mu of land scattered over dozens of locations, and sometimes the same plot is worked by a number of households. Since different households may grow different varieties at different times, mechanization is not possible. Second, it is not conducive to the transfer of land. Some households which have their principal labor working or doing business in cities would rather let their land lie fallow and are not too enthusiastic about transfers. Third, it is not conducive to the rational division of work between peasants. Some peasants are very capable but there is not much they can do with limited arable land. Some peasants know nothing except hard work, and lack ability. Thus, returns on land are low. In order to tackle these problems, we could consider giving peasants long-term land-use rights (say, for 50 years) and stipulating different standards of land-use fees for different localities. Such long-term land-use rights might be transferrable with compensation.

12.5—Community economy and township enterprise reforms. At present, an equity cooperative system is being tried out in many rural areas and has produced good results. In order to promote its healthy development, efforts should be made to gradually standardize the system. As far as township enterprises are concerned, the target of the equity cooperative system should be a more regular shareholding system which will enable township enterprises to change their operational mechanism through the investment mechanism. As far as the community economy is concerned, the main function is to provide agriculture with collective and other community services.

12.6—Reform of the agricultural tax system. We should further rationalize the distribution relations between the state, the community and the peasants, and establish a taxation system which meets the needs of the market economy. The following are two options that may be considered: A. On the basis of establishing a system whereby township financial departments and village financial matters are managed by the township administration, tax payments, contract fees, and a reasonable amount of miscellaneous expenses currently levied on the peasants will be paid as tax. The peasants shall only be required to pay tax and their non-taxable incomes shall fall within the sphere of commodity exchange and not the sphere of mandatory distribution. All administrative and public functions of community organizations shall be paid for out of tax revenue. B. The measure of "normal taxes, clearly stipulated rent, and no fees" can be adopted. After the complete lifting of controls over the agricultural products market, the state should appropriately raise agricultural

taxes and fix a reasonable tax rate in the light of the government's responsibility toward agriculture. The relations between peasants and community organizations should be simplified into relations of parties paying and collecting rent. All deductions not stipulated in contracts shall be abolished and rent should be fixed in accordance with the quantity and quality of land contracted. Apart from paying taxes to the state and rent to their community, the peasants should not be required to pay any unjustified financial levies. In other words, all miscellaneous fees should be abolished.

We believe that we could adopt the strong points of these two options by sorting out the various fees, charges, and deductions and stipulating these as taxes in order to establish township finance departments. Township financial departments should manage revenue from township industrial and commercial enterprises and agriculture. Agricultural tax will be levied on land contracted, while tax revenue will be spent on the community economy and livelihood services. A unified tax rate should apply to the whole country. Since tax will be levied on land, excessive disparities between regions can be avoided. In the construction of facilities for the community economy and social services, we advocate working within our means. Once tax rates have been stipulated, no unjustified financial levies will be permitted. In the switch to the equity cooperative system, efforts should be made to convert collectively accumulated property into financial or asset forms, such as cooperative funds and funds for agricultural development, to serve the whole community and prevent abnormal losses.

Special product tax should be abolished since it is not conducive to the development of the comparative advantages of agriculture in our country and is a vestige of the concept of "taking grain as the key link."

13. Deepening the reform of departments which deal with the outside world and establishing an open economic structure and a neutral trade environment.

13.1—Given that China is a large developing country where foreign exchange will remain in short supply for a long time to come, and where the economic structure badly needs improvement, it is necessary to fix a strategic objective for the reform of departments with external dealings. This objective is to establish an open economic structure and a neutral trade environment (that is, create a policy environment which neither gives special encouragement to imports nor exports). The key lies in attaching equal importance to export guidance which centers on boosting exports and the production of high-grade import substitutes within the country. In this way, it will be possible to create an environment which will benefit useful exports and help the state earn more foreign exchange while promoting competitive imports and attracting more foreign capital. This is a key to the maintenance of a high economic growth rate and can promote the progressive reform of the economy as a whole.

13.2—A basic trait of an open economy is that in economic exchanges, all manmade obstacles to the movement

of commodities, capital, and personnel are minimized and even done away with. China cannot attain this goal overnight and can only do things step by step. Thus, a two-pronged approach can be adopted in reform: Deepen the reform of the foreign trade and foreign exchange systems and make improvements and innovative changes to the foreign capital and foreign debt systems. These should be conducted in a gradual way in the light of the degree of development of different open belts and economic development zones.

13.3—The core of the reform of the foreign trade and foreign exchange systems is to effect the change from direct management by administrative plans to indirect regulation and control by market forces. Restrictions on the volume of imports and exports and other nontariff matters should be reduced to the minimum. The necessary permits and quotas should be obtained through auction or public bidding. As part of our efforts to reduce the tariff level and act in accordance with international practices or norms in preparation for our return to GATT, we should give enterprises greater foreign trade power and distribute foreign exchange better in the market to ensure good results from imports and exports and increase their competitive edge in international markets. In the reform of the foreign exchange system, we should proceed from full retention of foreign exchange earnings and convertibility of renminbi on current account and, through open foreign exchange transactions and an exchange stabilization fund, realize a unified exchange rate system. This will play a role in achieving the determination of prices by market forces and in regulating import/export business and international payments.

13.4—Improvements and innovative changes to the foreign capital and foreign debt systems must be coordinated with national unified policies on neutral taxation and credit. Guidance and encouragement of foreign investment should mainly be carried out through changes in the industrial structure and inducements other than preferential taxation and credit terms, to resolve problems, such as goods invoiced at manipulated prices and funds passing through "bogus foreign-invested enterprises," and the abuse of authority in securing deals. As for the foreign debt management system, while stressing the need to improve and gain better benefits from the integration of power and responsibility in the use of loans, we could make use of redemption funds and the coordination of various borrowing links to guarantee the security and appropriateness of the foreign debt structure.

13.5—In the development of the open belts and economic development zones, while giving impetus to technological development and the absorption of foreign capital, we should see to it that those industries which still need appropriate protection in accordance with international standards can increase their competitiveness without further delay and help relevant enterprises to transform their operational mechanism through the stipulation of a period of protection, the unification of import/export incentives, and other means.

13.6 - Competition among ourselves and overlapping responsibility in the expansion of foreign investment and economic cooperation can be prevented by giving encouragement to the establishment of enterprise groups, with comprehensive commercial groups and multinational enterprises as the main types. Multinational operations and cooperation with foreign countries should be well coordinated, with the reform of the foreign trade and foreign exchange systems and with the foreign capital and foreign debt systems. What merits attention is that, although China has been able to attract foreign investment in excess of \$10 billion through strenuous efforts and the introduction of a range of preferential policies, offshore investment made by various localities and departments has exceeded this amount. China has thus become a country with a net capital outflow and this is obviously not in keeping with the fact that capital is the our country's scarcest resource. Thus, while helping enterprises open up international markets and make active use of foreign capital, efforts should be made to prevent capital flight and tax evasion. However, in this kind of reform, emphasis should not be put on prohibitory measures but should, instead, be put on stimulatory methods of encouragement and guidance.

13.7—While the mode of reform should be systematic and progressive, in the coordinated reform of departments dealing with foreign countries as a whole, emphasis should be put on coordinating between departments in speeding reform. In the last two years of the "Eighth Five-Year Plan," we could use an innovative foreign exchange distribution system as the breakthrough point and deepen the reform of departments with external dealings through the coordination of trade plans, monetary policies, and tax reforms.

13.8—Regarding the order of reform, we could move from trade and foreign exchange to foreign capital and foreign debts, while combining macroeconomic regulation and control with microeconomic self-determination. Making use of the conditions necessitated by negotiations on China's return to GATT, we could proceed from the market distribution of foreign exchange (full retention of foreign exchange earnings and open foreign exchange transactions) and the market determination of exchange rates to unify the country's foreign exchange market and bring about a single exchange rate. When stimulation for imports and exports is at roughly the same level, the free conversion of current account renminbi should be allowed. During the "Ninth 5-Year Plan," the protection and preferential treatment extended to the first batch of import-substitution industries should be abolished (the list of the first batch of import-substitution industries promulgated by the State Council mainly covered automobiles, machinery, and electrical appliances) and, throughout the whole country, we should realize a common degree of openness. By the end of this century, an open economic structure and a neutral trade environment should have been established throughout the whole of China.

14. The conversion of government functions: Weakening their functions as business entities and strengthening their functions in social management.

14.1—Under the traditional system, the government was not only responsible for macroeconomic regulation and control and social management, it also played a direct role in economic activities on a large scale. A figurative analogy of this situation is that "one person assumes the three opposing roles of the player, the umpire, and the one who sets the rules of the game".

Under the market economy, the government's direct role in economic activities as a business entity should be restricted to absolute necessity and on the smallest possible scale. Only in this way can it concentrate its energy and objectively and soberly discharge its functions in macroeconomic regulation and control and in social management with the overall interests of society in mind. In accordance with this requirement we should, as a general direction for transforming the functions of government, stress the role of government in the systematic regulation, control, and supervision of economic activities as a whole instead of direct participation in economic activities. Specifically speaking, the main function of government should be to formulate rules and regulations, supervise their implementation, and mete out punishment to the violators. The government should also make use of its economic strength (through budgets and state-owned enterprises) to set right the "market defects."

14.2—If we were to give a broad definition of the concept of government functions, we would say that in a socialist market economy, the main function of government departments is to formulate and enforce rules. This is a view shared by many but this definition is insufficient. We believe that even within the government departments, the function of drawing up rules and the function of enforcing these rules should also be separated. As we have said before, the umpire and one who sets the rules of the game should not be the same person.

One of the drawbacks of having the same person draw up and enforce the rules is that the rules are liable to change according to the whims of that person. Moreover, because there are many functional government departments, and each has its own ideas, they may issue contradictory orders. The separation of these two functions is important because, in this way, legislative and executive powers can be kept independent of each other. What is at issue here is attention to the legal system. Another drawback is that it is liable to result in the government having absolute power. By separating these two functions, we can then make use of checks and balances to ensure that the government acts within the bounds of law.

14.3—Although we emphasize that the government should avoid direct participation in economic activities, after more than 40 years, local governments at various levels have gathered large numbers of state-owned enterprises within their fold and the activities of these enterprises will have a major and direct impact on the operation of the national economy. This is a fact we must face.

We can say that the key to transforming the functions of government lies in the proper handling of its dual capacity as social manager and macroeconomic regulator on the one hand and proprietor of state-owned enterprises on the other. This concerns not only the transformation of government functions, but also the structural reform of state-owned enterprises. The cutting back of the state sector and the establishment of state asset operational organs, which act as intermediaries between government departments and state-owned enterprises, should be the basic conditions for the transformation of government functions. We believe that not only should the practice of grading state-owned enterprises in accordance with the criteria laid down by government departments be abolished but the posting of civil servants to enterprises should also be resolutely stopped. In future, managers of state-owned enterprises should, like their counterparts in civilian enterprises, be publicly recruited. Proprietary representatives assigned by the state to state-owned enterprises should also be selected from (nongovernment) state asset operational organs.

14.4—In transforming the functions of government, we cannot evade the question of the "transferral" of large numbers of former government functionaries. Two common practices are currently in force: First, abolished government organs are turned into one or several corporations. Second, government organs which are retained set up a number of corporations, either by providing the capital or transferring part of their economic interests, to accommodate the superfluous personnel. In this kind of reorganization, we must avoid making the mistake of "old companies operating under new names." In personnel management, we must make sure that former government functionaries joining the corporations are no longer government functionaries. In organizational structure, we must make sure that the newly-formed corporations become truly independent juridical persons with no more ties to their former administrative organs. In the matter of funds, there should not be any funds allocation or handing up of funds between the corporations and their former administrative organs.

15. Correctly adjusting the positions of the planning, financial, and monetary departments in macroeconomic regulation and control by the state.

15.1—In a socialist market economy, national economic planning, financial policies, and monetary policies are three major means by which the government exercises macrocontrol over the running of the national economy. In the same way, planning, financial, and monetary departments are three major departments responsible for the formulation and implementation of macroeconomic policies. With three means and three departments, but only one target of control, how these three major means of control and three major departments of control are arranged and coordinated becomes a matter of utmost importance.

15.2—The three means of control and their corresponding economic modes have been referred to as predominantly

monetary, fiscal, or planned economies by some. These people cite America, Japan, and Korea as representatives of these three types. The purpose of this classification is to facilitate emulation and borrowing of experience and embodies the tendency to adopt one of the modes as one's own. Since the question involves a choice of regulatory mode, it is necessary to make an analysis of these modes.

The United States is indeed a country with a fairly well-developed monetary sector. Its monetary administration—the Federal Reserve Board (the Central Bank of the United States)—also has a special place in the country. It is not a government organ and is organizationally independent of the government. In spite of this, since its establishment in 1914 until the conclusion of its famous agreement with the Department of Treasury, monetary policies always played second fiddle to fiscal policies. The main reason is that a major economic crisis and two world wars occurred during these years and financial policies always seem more important in times like these. Between the 1950's and 1970's, monetary policies played a more active role. However, this was also a period which saw U.S. Government spending in the national income increasing from 20 percent to nearly 40 percent. Generally speaking, an increase in this percentage suggests that financial policies are playing a more important role in the running of the national economy. Since the 1980's, as stagflation has gone from bad to worse, people have begun to doubt the effectiveness of both financial and monetary policies. During this period, there have been people who have advocated making good use of financial policies (such as making tax cuts) and who call themselves "supply siders"; there are also those who advocate making good use of monetary policies (such as controlling money supply) and who call themselves "monetarists." In actual policy implementation, it seems that the ideas advocated by both schools have been adopted to some extent. The United States is generally regarded as a country without planning. This is true in the sense that it does not have a planning department. However, anyone familiar with the country knows that its monetary plans really put all countries that practice the planned economy to shame. Financially, the system of "plan—program—budget" adopted by so many backward countries was first adopted by the United States in 1965.

Japan's financial sector plays an important part in the country's economy and its unique financial system played an undeniable role in the country's rapid economic development after the war. However, if we study its financial system carefully, it is not difficult to see monetary policies actually at work in many of the activities carried out under the financial rubric. The much-praised investment and financing arrangements by the Japanese Government, for instance, are typical monetary activities. What is more, Japan's banking sector has also played a vital part in promoting the country's economic development. Japanese enterprises have the highest rate of external financing in the world and most of these external funds are raised through its banking system. Japan maintains a low interest rate and its banks have long been adherents of the policy of "overlending." Monetary policies such as these have given great impetus to Japan's economic development. As for

economic planning, Japan's experience can also be seen as a fine example of how planning can play an important role. Japan not only has an efficient and capable Economic Planning Agency but also has plans for every aspect of its work, from intermediate economic plans to budget implementation plans. However, most of these plans are only departmental work plans. For parallels, all we can find in our country are intermediate economic programs and economic forecasts (one year). The difference is that in Japan, these plans only apply to public sector activities (equivalent to fiscal plans) and serve only as guidelines as far as nongovernment sectors are concerned.

Korea is regarded as a country predominantly guided by planning not only because it has a planning committee but because the post of chief executive officer of the committee has always been concurrently filled by the vice premier. Korea's Economic Planning Committee was established in 1961 and the plans formulated in the first few years applied not only to government departments but also to the private sector. The budgetary layout and monetary and other policy measures necessary for the implementation of these plans were all clearly spelled out in the plans themselves. However, in those days the plans could only be seen as a kind of long-term planning (for five or six years). In 1967, the Economic Planning Committee adopted an "overall resources budgeting" plan which broke up the five-year targets into targets for individual years, each with its own budgetary arrangements. In 1978, that is, after Korea entered the phase of fully-fledged economic take-off, the "overall resources budgeting" plan was replaced by a new "economic management plan." The main difference between the new plan and the old was that it was no longer concentrated on the distribution of resources and the emphasis, instead, was on policy guidance. It also did not make detailed provisions for private sector investment. With the rapid development of the market economy in the 1980's, many of the planned targets were not achieved. Planning in Korea then developed a more long-term and indirect matter. The Economic Planning Committee is now only responsible for making five-year economic plans and intermediate financial plans that are to be used only as guidelines.

15.3—From the above simple account, we have come to the following conclusion:

First, planning, financial policies, and monetary policies, and the corresponding departments, play their respective roles, side by side, in the control and regulation of a country's macroeconomy. Which of these policies and departments plays a bigger role may vary, even in the same country, in different stages of economic development and as the market economy grows. Saying that the means of macrocontrol and corresponding economic mode in a country is predominantly of a certain type is an overly simplistic statement.

Second, a brief survey of the history of development of various market economies shows the following common trend: After the economic take-off, with the market economy already becoming quite firmly entrenched, independent microeconomic entities growing by leaps and

bounds, economic decisionmaking becoming increasingly decentralized, and national economic activities becoming more complicated and diversified, it becomes no longer possible for the planning departments to exercise substantive regulation and control over the operation of the economy and the inevitable outcome is a gradual movement toward merely outlining the long-term picture and providing policy guidance. Financial and monetary departments interplay in exercising substantive regulation and control over the operation of the economy. Fiscal outlay, because of its massive scale, effectively influences total social demand and, through its own complex structure, guides, and sometimes even decides, the social demand structure. Fiscal revenue, on the other hand, through its total volume, determines the total disposable income of microeconomic entities and, through its structure, influences the expenditure structure. Monetary departments for their part, determine the funds obtainable by different economic entities through the expansion or contraction of total money supply and credit, determine the cost of funds obtainable, and guide the flow of social funds through regulation of interest rates. In the final analysis, the reason there can be such changes is mainly because the market economy is a money economy where financial and monetary departments both have ample means with which to deeply penetrate the operation of this money economy, while planning lacks such means.

Third, planning, financial policies, and monetary policies each play a special and irreplaceable role in the macroeconomic control system. Planning is useful in outlining the general situation and pointing the direction for intermediate and long-term development. It is thus very effective in influencing major structural readjustments of the national economy, particularly the readjustment of the intermediate and long-term supply structure, and is suitable for supply management. The target of financial and monetary policies and the area in which they have most effect, tends to be the short-term balance between total supply and demand. Thus, they are more suitable for managing demand. In fact, each of these two means has its own strong points. Financial policies are useful in stabilizing the economy and bringing about the fair distribution of income, while monetary policies are useful in shaping an overall economic environment and carrying out day-to-day regulation.

Fourth, financial and monetary policies have the regulation of capital flow as their target and their priority is to maintain a balance between total supply and total demand in the short term. Thus, good coordination is of utmost importance. Under the traditional system, a relationship of capital complementarity existed between financial and monetary departments (the so-called "two pockets"); under the market economy, such ties not only continue to exist but are strengthened. The difference is that under the traditional system, coordination between the two departments is mainly to maintain the fiscal balance, while in a market economy, the ultimate goal of coordination between the two departments is to keep money supply at an appropriate level. The experience of market economies tell us that the covering of budget deficits and related

national debt management are the key issues to be borne in mind in maintaining coordination between the two departments. We have only taken our first step in this direction.

Based on the above analysis, we believe that there is no real rush to change the relations between planning, financial, and monetary departments. However, we also must be aware of the long-term trends and make arrangements for future developments.

16. Delineating the jurisdictions of the central and local authorities, eliminating friction and antagonism.

16.1—Major political and economic changes which have taken place since the founding of New China all have something to do with the delineation and re-establishment of the jurisdictions of the central and local authorities. The present difficulties we face in economic structural reform can also be traced back to contradictions between the central and local authorities.

16.2—China is a country with a long history of centralized rule. However, even in a period when state power was at its most centralized, local interests and local authorities were never subject to too much pounding, accounting for the unique pattern of central and local relations in our country. This historical background should be fully taken into account in our reforms. A. History proves that a certain degree of centralization is absolutely necessary in order to maintain prosperity and stable development in China. B. Local interests should be recognized and fully respected. Complete centralization is not only harmful to economic development but is also impossible in practice. The history of our country and the experiences of other big nations all tell us that in a peaceful environment of political stability, the relative weakening of centralization is conducive to economic development as a whole. They also tell us that in the opposite situation, power must be centralized in order to maintain stability. C. While recognizing local interests, we must not use this as an excuse to "draw a circle on the ground as a prison." In other words, we cannot restrict the activities of a locality within a designated sphere. A locality's economic development objectives, industrial policies, and other economic policies cannot be separated from those of the central government. In order to guarantee this, it is inadvisable to put forward a reform proposal which advocates level-by-level regulation and control of the macroeconomy, to prevent the combination of local administrative power with economic regulatory power and the formation of "separate economies of local lords." We should advocate the practice of bringing local superiorities into play and forming a unified domestic market on the basis of rational division of work. Accordingly, the central government should centralize taxation and monetary control in its own hands and regulate local activities using the powerful material strengths formed on this basis.

17. The objective of reform of the financial system is to "divide the system," not to "divide the tax revenue".

17.1—The practice of separate budgetary plans for the central and local authorities was one of the earliest measures adopted in the reform of the urban economic system.

Its initial aim was to arouse the enthusiasm of the localities in developing their economies as well as to make the local governments share the financial burdens. The measures proved effective but they also strengthened the interests of the local governments and turned into a force which obstructed the deepening of reform. The revenue-sharing system was then proposed but this system was only an institutional arrangement for the sharing of revenue, not a budgetary system. History proves that we cannot solve problems merely by working on the division of income. A more thorough and rational approach is to practice a system of budgeting at different levels. Put simply, the objective of reform of the financial system should be to "divide the system," not to "divide the tax revenue."

This graded financial system has the following characteristics:

1. On the question of financial revenue, a system of revenue sharing by governments at different levels is practiced. Separate taxation systems are drawn up for the central and local governments to rationally delineate central revenue, local revenue, and shared revenue. Here, shared revenue refers to tax revenue that should belong to the central government from the angle of economic rationality but, from the technical angle of tax levying and management, can best be levied by the local governments. Seen from this perspective, shared revenue should have as few types and cover as small a scope as possible under the revenue-sharing system. We should not rely on it to resolve the problem of fund swapping between the central and local governments. The reason is that from the perspective of standardization, openness, and efficiency, this objective should best be realized through a regular system of revenue transfer. Local governments have the power to pass laws regarding local taxes, and the power to decide on tax items and tax rates, but are prohibited from encroaching upon the tax base of the central government. Separate tax bureaus should be established at the central and local levels in order to practice separate taxation, separate tax management, and separate levying of taxes.

2. On the question of financial expenditure, governments at different levels must be given appropriate decision-making power. On the basis of clearly defining the functions of governments at different levels, it is necessary to specify the scope and priorities of financial expenditure and local governments should have the power to decide on their own items and amounts of expenditure.

3. There is a standardized system for the transfer of payments from the central to local governments. Through implementation of the abovementioned revenue-sharing system, the central government should receive over 65 percent of the financial revenue but its outgoing expenses (excluding transfers and payments) will be reduced in line with the reduction of its functions. Meanwhile, local governments are likely to have difficulty balancing revenue and expenditure. To solve this problem, and to address the problem of the weakening of the central government's macroeconomic control capability under the system of budgeting at different levels, a system for the

transfer of payments from the central to local governments should be established. Transfer of payments should be of two types: One of special allocations for specific projects, the other of sums allocated according to a formula, which should be fixed on the basis of the differing conditions of different localities.

4. There is separate budgeting for the central and local governments, with each trying to balance their own budgets (the local governments should do this after receiving the transfer of payments from the central government). The central government budget will have to be approved by the National People's Congress, while local budgets are to be examined and approved by local people's congresses.

5. Local governments have the power to issue local government bonds to increase the income of their capital accounts.

17.2—Readjusting the budget, putting an end to the present state of chaos as quickly as possible, and creating the necessary conditions for reducing budget deficits.

1. Financial activities are currently of three types, namely, budgetary, nonbudgetary, and nonstandard receipts and payments. Budget deficits, which have become a millstone for macroeconomic control find concentrated expression in budgetary activities. Since nonbudgetary and nonstandard income are at the disposal of local governments, these governments are inclined to include in their budgets expenditure beyond their control, while leaving profitable items that are at their disposal outside their budgets. They may even go so far as to resort to nonstandard means of fundraising. This system leads to worsening budget deficits and causes the financial and revenue systems to become less transparent. After switching to a system whereby central and local budgets are separated, local governments will not try to reduce revenue payable to central government because there will be a distinction between income at their disposal and that at the disposal of the central government. In this way, the financial situation will become more transparent and the problem of budget deficits can be tackled. In other words, only by practicing a system of budgeting at different levels which is of quite some significance, can we effectively tackle the problem whereby nonbudgetary items are squeezing out budgetary items and nonstandard income and expenditure regularly take place despite repeated prohibitions.

2. The definition for nonbudgetary income and expenditure in China is different from what is understood in international practice. According to the market economy concept, ownership of nonbudgetary funds rests outside the government but applies to funds such as social security funds which are subject to unified management and centralized utilization by the government. In China, nonbudgetary funds have always been intended as venues for giving local governments and enterprises some autonomy under the system of unified state control over income and expenditure. To reform this awkward state of affairs it is necessary to thoroughly standardize all nonbudgetary items in accordance with standard practice in market economy countries. Among existing nonbudgetary items,

some (such as "nonbudgetary items in state-owned enterprises") should be transferred to enterprises and should no longer be referred to as "budgetary," while some which are by nature budgetary accounts (for instance, "nonbudgetary accounts of local governments" form part of local government budgets and "nonbudgetary accounts of departments in charge" form part of the budgets of these departments) should no longer be called "nonbudgetary." There should still be nonbudgetary accounts but they should only apply to the likes of social security funds and housing construction funds.

3. Nonstandard receipts and payments, which are in a real mess, should also be put right. A considerable portion of nonstandard receipts and payments is in fact employed for financial purposes, as in the case when levies are collected to fund road and bridge construction and local public facilities. Due to the lack of clarity in the delineation of government functions, and the fact that much of the limited financial revenue is spent ineffectively on making up enterprise deficits, government financial departments cannot discharge their bounden duties and can only resort to nonstandard means of fundraising, such as levies, to fulfill the natural government function, namely, satisfying public needs. Receipts and payments for such purposes should be clearly listed in the budget and resolute steps should be taken to abolish levies which do not come within the limits of government functions.

18. Enlarging the tax base and improving the taxation system.

18.1—China has made considerable headway in its tax reform over these last few years. However, the present taxation system is still not completely separated from the traditional taxation system and is far from the needs of a developed market economy. This is manifest in: A. Tax revenue as a proportion of national income is small and lacks flexibility. B. The tax structure is irrational and the coexistence of tax systems for local and foreign entities has given rise to tax discrimination. C. Tax laws are unsound and the right to tax is dispersed. Based on the need to develop a market economy, the basic direction we should follow in future tax reforms should be to ensure that the levying of tax does not interfere unnecessarily in the running of the economy and to move in the direction of a neutral taxation system with reduced tax rates, an enlarged tax base, sound tax laws, and simplified methods of collection and management. The taxation system should embody the following qualities: A. Fairness. This means extending equal treatment to taxpayers of the same tax bracket, paying due attention to social justice, and ensuring that taxes are set at levels which people can pay. B. Neutrality. This means establishing a tax environment ensuring fairness in market competition. C. Simplicity. This means establishing a tax structure and tax collection and management system which can be readily understood and respected by taxpayers. D. International compatibility. This means that taxation should be conducive to conducting international trade and the movement of international capital.

18.2—Since traditional ideas on taxation are based on the planned economy concept, in order to restructure the taxation system, it is necessary to reshape the concept of taxation: A. We must correctly handle the relationship between taxation as a means of amassing wealth and taxation as a means of regulating the economy, establish the viewpoint of putting income before everything else, refrain from setting multiple targets for taxation and, as far as possible, ensure that the levying of taxation does not interfere with the market. Of course, at the present stage when the market mechanism has yet to reach maturity, taxation should still be an important means of economic regulation in order to ensure implementation of the state's industrial policies. However, this function should be gradually introduced. B. In using taxation as a means of regulating the economy, priority should be given to creating an environment where enterprises can compete on an equal footing and putting right the defects in the market mechanism. In other words, we should uphold the principle of neutral taxation. C. Regulating the economy by means of taxation should be realized through legislation which stipulates whether or not tax should be levied and, if so, how much. It should not be realized through the offering of preferential tax conditions to individual enterprises.

In our reform of the taxation system, emphasis should be put on the following aspects: A. We should improve the indirect tax system; extend the scope of value added tax to cover all industrial production, commercial wholesale and retailing businesses, and service trades; simplify the value added tax rate; and unify the scope of withholding tax. B. We should establish a unified system of enterprise income tax, maintain a unified set of standards for the listing of pre-tax expenses and a unified cost level, and practice a unified system of proportional tax. C. We should improve the personal income tax system, unify the income tax system, raise the tax threshold, and gradually introduce the system of declaring one's income for tax purposes. In levying tax, we should gradually implement a system where tax is based on total income over a year. D. We should improve the tax structure; gradually extend the scope of resource tax; introduce social insurance tax, securities transaction tax, capital yield tax, and estate and gift tax; and abolish consolidated industrial and commercial tax, banquet tax, and livestock trade tax.

19. Proceeding from the pluralization of financial institutions in promoting reform of the financial system.

19.1—Our aim in establishing the central bank in 1984 was to gradually bring about the indirect regulation and control of money supply but, after all these years, we have still been unable to resolve the contradictions between control of the macroeconomy and invigoration of the microeconomy. Since the regulation of money supply has become a major means of short-term economic regulation, this contradiction is directly affecting our economic stability and development. Hence, the overall objective of our reform of the monetary system should be to unify macroeconomic control and microeconomic invigoration. Specifically, this overall objective should cover the following

aspects: 1) the pluralization of finance organs; 2) the diversification of financial instruments; 3) the determination of interest rates by market forces; and 4) the regulation and control of the macroeconomy by indirect means.

19.2—At present, as in the past, the central bank only has its eyes on controlling the scale in its regulation and control of credit and money supply. The long-term practice of this method is not desirable. First, it is a traditional method of quantitative control with a strong flavor of planning and one which goes against the very nature of the socialist market economy. Second, practice in recent years has proved that controlling the scale is no longer an effective means of keeping credit and money supply under control. We should abandon scale control in favor of indirect means of regulation and control as quickly as possible, shifting the priority of regulation and control to the volume of money supply (M0, M1, M2 and so forth) and interest rates. This is the breakthrough point in our reform of the banking system.

19.3—In our reform of the banking system, we should give priority to the establishment of a system of finance organs with the central bank providing the leadership and state-owned commercial banks forming the mainstay, wherein different types of financial institutions work in coordination and competition. This is necessary for the following reasons: A. The present system of financial institutions is so monopolistic that it renders almost impossible any mode of reform, including regulation and control by indirect means. B. The deteriorating efficiency of the present system of financial institutions can no longer meet the challenge of future economic growth. C. Since the present system of financial institutions cannot free itself from local government intervention, the financial situation is becoming more and more chaotic.

Reform of the present system of financial institutions should mainly include the following tasks: 1) transform specialized banks into state-owned commercial banks; 2) establish banks of a policy nature; 3) actively develop trust, leasing, and securities organs; 4) reform the system of insurance and develop an insurance market; 5) develop urban credit cooperatives and establish urban cooperative banks; and 6) appropriately draw in foreign banks.

19.4—Market economy countries have two options when exercising indirect regulation and control of their financial institutions. First, they can regulate and control money supply mainly through regulation and control of the lending capacity of financial institutions. This requires that: A. They separate lendings based on commercial considerations from lendings based on policy considerations, and short-term financing from long-term investment, and, better still, they establish a variety of specialized financial institutions. B. The reserve and rediscount rates are used as major policy tools of the central bank. C. A standardized interbank lending market is developed on the basis of the implementation of the equity-debt ratio management system in financial institutions. Second, they can exercise indirect regulation and control through the financial market, implying that open market activities will

become a major policy tool of the central bank. This requires that: 1) securities (especially short-term securities) become important assets of financial and nonfinancial institutions; 2) organs handling securities transactions be of a considerable scale; and 3) securities markets (especially the short-term securities market) be fairly well developed. As things now stand, it is perhaps more appropriate for China to choose the first-mentioned option in its financial reform.

With this in mind, we believe that we should set our priorities in our financial reform in the period ahead as follows: A. We should shake up and standardize existing financial institutions and promote their diversification. After the shake-up, financial institutions should comprise three major types of institutions, namely, commercial banks, specialized banks (banks of a policy nature, banks for the promotion of imports and exports, investment banks, housing loan banks, and so on), and nonbank financial institutions. B. The equity-debt ratio approach of management should be practiced in the abovementioned financial institutions. Through the pluralization of financial institutions, we can promote the marketization of interest rates. By implementing the deposit reserve fund system and doing business in an open market on this basis, an indirect system of regulation and control of money supply can be developed.

20. Developing an economic system which can help implement the functions of industrial policies.

20.1 - After the switch from the planned economy to the market economy as our economic mode, the ranges of industrial policies and the modes in which they are realized should also be changed in tandem with this switch. Since the market mechanism will have a fundamental role to play in the deployment of resources, matters such as orientation and scale, advance or retreat, amalgamation and mergers, transformation and shifts in the development of most industries will be decided mainly by price signals from the market, the law of supply and demand, as well as the competition mechanism. Thus, the scope of policies of planning, organization, support, guidance, and coordination formulated by the government for designated industries within a given period for the purpose of achieving a particular economic and social development objective, should focus mainly on a few key industries or products. It is not necessary to formulate a comprehensive set of industrial policies covering all industries.

20.2—In a market economy situation, our industrial policies should mainly find expression in the following areas: A. Making up shortages and resolving market inefficiencies. Due to the limitations of the market mechanism, some industries which need to be developed have not been developed, while industries which need to be restricted can develop indiscriminately. This, coupled with excessive competition, has impaired the effectiveness of resource deployment. Under the circumstances, the state can, through the promulgation of industrial policies aimed at bolstering or restricting certain sectors, achieve the purpose of ensuring coordinated development. B. If we completely rely on spontaneous regulation by market forces,

the transformation and upgrading of the industrial structure is bound to take time. In order to accelerate this process, narrow the economic gaps, and more effectively bring into play the superiority of developing countries in having the benefits of the experiences of others to go by, we must formulate and implement policies of giving support to key industries and the weak sectors to upgrade and modernize our industrial structure. C. With the continuous expansion of foreign trade and the intensification of international competition, it is necessary, through specific industrial policies, to help specific industries increase their returns to scale, raise their production and technological levels, and lower their cost of production and operation, to make Chinese products more competitive in international markets and reduce the impact of foreign products in Chinese markets. The necessary antidumping policies also need to be implemented to protect our domestic industries.

20.3—The widespread existence of phenomena such as abnormal industrial structure, pronounced traits of homogeneity between regions, long-standing "bottlenecks" and diseconomies of scale in our country have their structural causes. This makes it necessary to develop, through reform, a structure conducive to the implementation of industrial policies. Our present priority should be to change the artificially distorted prices first and then change the distorted industrial structure produced by the artificially distorted prices. After prices have been basically rationalized, the implementation of industrial policies will mainly depend on financial allocations, policy-nature bank loans, as well as the appropriate use of tariff policies.

20.4—The formulation of industrial policies should be the result of joint research by experts in the government, industrial circles, and scientific and technological circles, and by economists, entrepreneurs, and scholars. Through their analysis and prediction of the present state and prospects for economic and scientific and technological development, the direction and priorities of industrial policies can be grasped. The promulgation of industrial policies should not be a simple grouping together of the development policies of different industries, or the reflection of the supply and demand of products in the short term. The implementation of industrial policies should be reformed in favor of the following three-tiered approach: A. Long-term development objectives, policies on selection and bolstering key industries, as well as major scientific and technological policies concerning industrial development should be formulated and implemented by government departments responsible for the comprehensive management of intermediate and long-term development plans. B. Industrial organizational policies and market organizational policies concerning immediate market operations and the readjustment of the industrial organizational structure, such as policies for the amalgamation and merger of enterprises, antimonopoly policies, and policies for the protection of fair competition, should be formulated and implemented by comprehensive economic departments responsible for the regulation and control of industries and the market. C. Industrial policies

for particular industries or within particular trades should mainly be formulated and coordinated by trade associations, as intermediary organs between the government and the enterprises.

Shanghai 'To Internationalize' Securities Market

OW0810082993 Beijing XINHUA in English 0615
GMT 8 Oct 93

[Text] Shanghai, October 8 (XINHUA)—The securities market in Shanghai, China's largest economic center, has taken another step to internationalize its operations.

Shanghai began to release its first B-shares, mainly to overseas business people and foreign-funded companies in the mainland, in January last year.

As of September 28 this year, when the Lianhua B-shares were licensed for transaction, the types of B-shares climbed to 13, with a total value of more than 1.1 billion yuan.

In July this year the Shanghai Petrochemicals Corporation issued its H-shares both in New York and Hong Kong. This was the first time for such an issue from the Chinese mainland.

In addition, Shanghai's securities sector has opened two branch companies in Hong Kong to link up with the international market.

A survey report shows that Shanghai has approved the setting up of the branches of 14 overseas stock companies dealing in B shares.

According to financial experts, the development of the Shanghai securities market is expected to pick up speed in order to show the city's will to join international financial transactions, and to further enhance overseas business people's confidence in the Chinese mainland's economy.

State Records 'Growth' in Foreign Ventures' Taxes

OW0810112593 Beijing XINHUA in English 0851
GMT 8 Oct 93

[Text] Beijing, October 8 (XINHUA)—China recorded a total of 11.61 billion yuan in tax payment from foreign-funded firms during the first eight months of this year, according to the State Administration of Taxation (SAT) here today.

The figure is 71 percent more than the same 1992 period, or 900 million yuan more than that for the whole of last year.

Of the total, 9.29 billion yuan were consolidated industrial and commercial tax and some 2.3 billion yuan were income tax from these enterprises and individuals involved.

The ever increasing number of foreign-funded ventures established in China is responsible for the growth of tax income, said Hao Zhaocheng, director of foreign tax department of the SAT.

By the end of June this year, over 49,400 foreign-funded firms have become operational across the country.

The central authorities called for a halt in July in unauthorized tax cuts and exemptions by the localities and this also helps push up total tax payment, Hao noted.

He predicted that the total revenue from foreign-funded ventures this year could land somewhere between 16 billion to 17 billion yuan.

However, Hao pointed out that the problem of tax evasion by some joint ventures is serious.

In Guangdong Province, for example, about 50 percent of the joint ventures said they were running at a loss in 1992.

"Yet almost all these firms have kept expanding their investment scales from the profits of their firms," said Hao.

Checking tax evasion will be a major task for China's taxation administrations in the years to come.

Wang Hanbin Meets With Consumer Activists

OW0810065093 Beijing XINHUA Domestic Service in Chinese 0939 GMT 7 Oct 93

[By reporter Zhou Liang (0719 0081)]

[Text] Beijing, 7 Oct (XINHUA)—The China Consumers Association held a commendation meeting here today in honor of 130 advanced collectives and 79 advanced individuals involved in protecting consumers rights and interests. The association also conferred the honorific title "Activist for the Protection of Consumers Rights and Interests" on 29 prominent honorable chairpersons and advisers of consumers associations in provinces and cities with independent economic decision-making power.

In recent years, consumers associations at all levels in our country have actively exercised supervision, provided consumer guidance to people, and protected consumers' interests, all of which have led to remarkable results. According to statistics, consumers complaints accepted and handled during the past eight years or so exceeded 1.4 million, and approximately 500 million yuan in economic losses were recouped on behalf of consumers throughout the country.

The advanced collectives and individuals being commended were selected from 2,400 consumers associations at or above the county level and their employees across the country. In the course of carrying out their work, these advanced units and individuals took consumers interests into account in everything they did, eagerly addressed consumers' concerns, and enthusiastically served consumers. For instance, the Jixi City Consumers Supervision Federation in Heilongjiang Province performed practical services for consumers by following the strategy of not shunning complaints that were difficult to handle, of thoroughly investigating major grievances, and of acting on grievances that fell outside their call of duty when accepting and handling consumers' complaints. In 1991-92 alone, it accepted and handled 2,931 complaints, settling 2,928 of them, or 99.8 percent of the total. It also recouped

more than 55 million yuan in consumers losses and received more than 10,000 consumers who visited them or sought advice from them. Shou Yongyan, vice chairman of the Zhabei District Consumers Association in Shanghai Municipality, insisted on working despite his serious illness. He worked with relevant departments on 10 occasions regarding compensation for a defective electric blanket, eventually securing a lump-sum payment of 600 yuan for the consumer concerned. The consumer's family could not stop praising his work attitude, and they wrote an effusive letter of thanks to his consumers association.

Wang Hanbin, vice chairman of the National People's Congress Standing Committee, today met with representatives of the China Consumers Association's advanced collectives and individuals. He exhorted them to still greater efforts in protecting consumers' rights and interests.

Firm Offers Consumer Goods Installment Service

OW0710174393 Beijing XINHUA in English 1528
GMT 7 Oct 93

[Text] Shanghai, October 7 (XINHUA)—For the first time, people in Shanghai can buy color televisions, refrigerators and audio systems and have them installed.

The Shanghai Yintong Trust Co. Ltd., which was founded today, selected Shanghai's No. 1 Department Store to provide local residents the installment service in durable goods ranging from household electronics appliances and furniture to communications devices and stationery.

It is the first consumer products company to offer standard installment services in China.

According to Sun Bingzhen, chairman of the corporation, Shanghai residents can buy goods with a 25 to 30 percent down payment, with one guarantor needed.

The whole payment must be made within six to 24 months. The company will charge customers 1.3 percent monthly interest rates on the unpaid amount.

The company is a joint-venture with Orix Asia Ltd. It will provide services in retail goods consultancy, direct purchasing and shipping, among others.

38 Enterprises Engage in Steel Production

OW0810111693 Beijing XINHUA in English 0918
GMT 8 Oct 93

[Text] Beijing, October 8 (XINHUA)—China now has more and more steel giants which have contributed much to the country's growing steel output.

There are 17 iron and steel makers in the country, each with an annual steel output of at least one million tons, compared with 12 some 15 years ago.

In the first nine months of this year, China produced 65.28 million tons of steel, 65 percent of which were turned out by the 17 steel giants.

China once stressed the initiative of localities to launch small steel plants on their own even if with low efficiency in production. In the past decade or so, China's steel enterprises have undergone major changes as they cooperate to form bigger steel enterprises.

Now the country has 38 enterprises with an annual steel output ranging between 500,000 to one million tons. They produce 80 percent of the national total.

The Baoshan, Anshan, Wuhan and Panzhihua Steel Companies have become four large enterprise groups, while another six steel enterprise groups are being formed.

Those steel giants have worked hard to exploit their own production potential and promote technical up-grading to increase efficiency.

In the past 15 years, the production of steel plates and tubes increased by five percentage points, and they account for nearly 40 percent of all rolled steel in China.

Official Discusses Aviation Fuel 'Shortage'

HK0710141093 Hong Kong MING PAO in Chinese
20 Sep 93 p a14

[Report by staff correspondent Yang Liu (2799 2692): "Inadequate Plane Fuel Supply Hampering Growth of Airline Industry"]

[Text] People from China's civil aviation industry pointed out that the increasingly acute shortage of fuel oil in the industry must be solved promptly or the airline industry in the entire country will be affected.

Zhang Lianfu, person-in-charge of the Gaoqi International Airport in Xiamen, told this correspondent a few days ago that the present inadequate fuel oil supply is affecting the whole industry and seriously hampering the development of airlines and airport cargo transportation services across the country.

Airlines in Chengdu, Kunming, Guiyang, Hangzhou, Wuhan, Shanghai, and other cities are having their planes bound for Xiamen carry tonnes of fuel for return flights, knowing that they will not be refueled at Xiamen. The Xian Airline, for example, is losing money from having to reduce the number of passengers by 40 on Chengdu-Xiamen flights to leave tonnage for fuel for return flights.

The aircraft of the Xiamen Airline flying to Chengdu are suffering from considerable economic losses from having to carry return fuel.

Mr. Zhang said that the Gaoqi International Airport had canceled the Xiamen-Hohhot domestic flight earlier this year, and not long ago the Xiamen-Chongqing flight for the inadequate fuel oil supply. For the same reason, this year the airport is also canceling a number of flights to mainland cities each month.

The Gaoqi Airport in Xiamen is one of the country's five largest airports. Estimates have readjusted projected passenger turnover this year from 3 million to 2.6 million due to the inadequate fuel oil supply.

Mr. Zhang said that the shortage had resulted from the failure of oil refineries to increase oil supply to match the considerable growth in the air transport of passengers and cargo. Domestic aircraft oil fuel suppliers have been importing fuel from other countries, but only in limited amounts for want of hard currency.

The Gaoqi Airport relies on refineries in Shanghai and Lanzhou for fuel oil, which deliver it by rail. But rail transportation bottlenecks are a headache. Mr. Zhang believes that China should adjust its mode of oil transport; for example, expanding land water and sea transports.

Given the fuel shortage, oil companies in Xiamen are only supplying fuel for the return trips to long-haul domestic flights to Xiamen.

But the supply of fuel for return flights to international flights is guaranteed, because these aircraft buy their fuel with hard currency. China has been importing foreign aircraft fuel oil with foreign currency.

There are reports that a large oil refinery is being built in Meizhou Bay, Fuzhou. Xiamen is also building four 5,000-cubic-meter oil storage tanks. Mr. Zhang hopes the problem will be solved soon.

East Region

Anhui Province Develops Local Power Industry

OW0810031793 Beijing XINHUA in English 0243
GMT 8 Oct 93

[Text] Hefei, October 8 (XINHUA)—East China's Anhui Province has in the past few years collected funds from various sources to develop its power industry, and has so far managed to supply about 70 percent of the rising need for power.

The local government has established a power development company to guarantee the benefits accrued from developing the local power industry, and take charge of fund collecting, and management and construction of local energy projects.

By the end of last month the company had collected two billion yuan and constructed five 125,000-kw generating units in Hefei, Tongling and Maanshan.

Moreover, it has also participated in the construction of two state major projects—the Luohe and Pingxu power plants—as well as six generating units at the Huaibei and Wuhu power plants, which have a total installed capacity of 140,000 kw.

At present, the general installed capacity built with local funds reaches 937,000 kw, 26 percent of the installed capacity built with state investment in the province. By the end of this August local power plants had generated 16.7 billion kwh of electricity, and achieved about 70 billion yuan of industrial output value.

In addition, the power development company has invested over 100 million yuan and joined hands with overseas companies to open the Huaibei Tongting coal mine, which has the capacity of extracting 450,000 tons of coal a year.

Meanwhile, the province has decided to set up the Wan-neng Shareholding Co. Ltd, which will issue stocks to the public to collect more money to speed up local power industry construction.

It is expected that by the year 2000 the total installed electricity capacity of the province will reach ten million kw.

Fujian Governor Discusses Rural Enterprises

OW0710094593 Beijing XINHUA in English 0618
GMT 7 Oct 93

[Text] Fuzhou, October 7 (XINHUA)—The rural industrial sector is booming in southeast China's Fujian Province, outstripping the growth of agriculture and state-run industrial enterprises.

According to statistics, the gross output of rural industry amounted to 60 billion yuan in the first eight months of this year, up 107 percent over the same period of 1992.

Meanwhile, the rural enterprises exported a record of 9.33 billion yuan-worth of goods, and delivered 1.23 billion yuan to the state in taxes, an increase of 70.85 percent.

A provincial official predicted that the gross output of rural industry will exceed 100 billion yuan this year.

Governor Jia Qinlin said that the rural enterprises are expected to function as a "locomotive" for the provincial economy, which has long lacked a strong state-run industry.

"The rural enterprises are full of vitality and flexibility in management, compared with the out-of-date system in the state-run sector," he added.

Some 16,000 rural enterprises, involving six billion yuan-worth of investment funds, opened business in the first half of this year. And about 500 of them have recorded annual production worth over ten million yuan each.

Furthermore, the province is paying attention to setting up enterprises in line with local conditions in order to take advantage of local natural resources. Included are shoe-making in Putian city, garment manufacturing in Shishi city and the cement industry in mountainous northwest Fujian.

Meanwhile, the province has set up more than 50 rural enterprise groups and 400 rural industrial zones.

Aiming at an export-oriented economy, the local government approved the establishment of 630 Sino-overseas joint ventures in the first half of this year. These enterprises involve overseas investment totaling 984 million U.S. dollars.

Shandong Executes 17 'Convicts'

SK0810021793 Jinan DAZHONG RIBAO in Chinese
26 Sep 93 p 1

[Text] On 25 September the Jinan Intermediate People's Court sponsored an open trial in the Zhenzhuquan People's Hall to punish, in line with the law, a large number of convicts who committed heinous crimes and who were bitterly hated by the people. Of these convicts, 17 were sentenced to death; four were sentenced to death but the execution was temporarily suspended; one to life imprisonment; and seven to term imprisonment.

Of these convicts, some have committed the crimes of murdering persons for their money; conducting armed robbery; committing offenses and then fleeing; and violently raping and killing women. Ding Wenguang, a peasant in the Yujiawa village of Zhonggong town in Licheng district, harbored resentment against his lover, Gao Huizhen, because she renounced their engagement and became engaged to another. At about 2300 on 16 July, Convict Ding Wenguang entered the Gaos' house with a hunting gun and killed Gao Huizhen; Han Shiyong, mother of Gao Huizhen; and Gao Huiying, elder sister of Gao Huizhen, by consecutively firing three shots.

Wang Fengting, a robbery convict, and Li Dairong, an escaped robbery convict, who were accompanied by four other criminals (who were handled with different punishment), committed four robbery crimes in the districts of Jinan and the Zhangxia areas along the Jinan-Weishan Highway from December 1988 to November 1989. They

stole more than 101,400 yuan in cash. Criminals Wang and Li respectively shared 23,300 yuan of stolen money and squandered it all. Criminal Li also attempted to escape from the detention house by breaking the fetters but was captured on the spot. All convicts mentioned above were sentenced to death.

Following the open trial, 17 convicts sentenced to death were executed by shooting at the execution ground.

Shanghai Adopts Measures To 'Ensure' Reform

OW0810023893 Beijing XINHUA in English 0156
GMT 8 Oct 93

[Text] Shanghai, October 8 (XINHUA)—Shanghai, China's largest economic center, has formulated a package of local regulations and rules to ensure its reform and opening further to the outside world go ahead on schedule.

According to statistics, the city has worked out 369 such regulations and rules over the past eight years.

A municipal government official said that 225, or 61 percent, of them cover the field of economic development.

The Pudong area, a newly-established economic zone in Shanghai, has published 14 policies and rules involving the establishment of shops, bourses, banks and insurance companies.

"These regulations are playing an important role in encouraging and guaranteeing foreign investment," the official said.

In 1987, when the country launched the land-lease system, Shanghai published the "Measures of the Shanghai Municipal Government on the Right To Use and Transfer Leased Land."

To standardize markets of different types, the municipal government released a package of regulations and rules on managing bourses, a metals exchange and share-holding companies.

Central-South Region

Guangdong's Guangzhou Sets News Conference Rules

HK0610115593 Hong Kong WEN WEI PO in Chinese
6 Oct 93 p 5

[By staff reporter from Guangzhou: "Guangzhou Authorities Introduce New Rules Concerning News Conferences"]

[Text] To safeguard the serious purpose and authoritative-ness of news conferences and to strengthen management, the Guangzhou city government recently promulgated the "Additional Regulations on Strengthening the Management of News Conferences."

The new regulations point out: The hosting of any news conferences in Guangzhou must be reported to the city government 10 days in advance for examination and approval. News organizations are prohibited from covering any news conference held without authorization. The

organizer of news conferences involving such contents as products, scientific and technological research achievements, and technology patents, must produce the certificates of sanction and vouchers issued by legal quality, supervision, and inspection departments. News conferences are prohibited from leaking party and state secrets.

Guangdong's Shantou Sees 'Rapid' Development

OW0810074393 Beijing XINHUA in English 0656
GMT 8 Oct 93

[Text] Guangzhou, October 8 (XINHUA)—Shantou City, in south China's Guangdong Province, has seen rapid economic development despite the efforts by the municipal government to exercise macroeconomic control and rectify the financial order.

Zhou Rifang, mayor of the city, said Shantou is one of the earliest special economic zones in China, and is the ancestral home of millions of Overseas Chinese.

The municipal government has adopted measures to concentrate financial and human resources on infrastructure projects and basic industries.

Statistics show that by the end of August this year over 2.2 billion yuan had been invested to upgrade technologies in state-run enterprises.

The total industrial output value has reached 12.3 billion yuan, up 36.8 percent over the same period of last year, of which the rural enterprises achieved 3.63 billion yuan, an increase by 63 percent.

The sales rate of industrial products is 94 percent, while the export volume of industrial products is about 3.5 billion yuan, accounting for more than 40 percent of the total industrial output value.

The financial income has surpassed 800 million yuan.

Mayor Zhou emphasized that the city will make industry the main thrust of its future economic development. It is said that 60 high-tech development projects have been introduced into Shantou's high-tech development zone. A free trade zone will be opened at the beginning of next year.

Zhou also pointed out that construction of infrastructure facilities such as transportation, energy and telecommunications will still be the focal point of the economic construction of Shantou.

He said that the municipality plans to channel 3.5 billion yuan into major projects, including a sea bridge, Shenzhen-Shantou highway, Guangzhou-Meixian-Shantou railway line, large thermal power plants and deep-water berths.

The investment environment has been greatly improved and overseas investors' confidence has been greatly heightened.

In the first eight months of this year the municipality approved 861 overseas-funded enterprises, with a total contracted investment of 983 million U.S. dollars—some

74 percent up from the same period of last year. The total foreign investment used came to 269 million U.S. dollars, an increase of 48 percent.

Highway Construction Plans for Guangdong Reported

OW0710094693 Beijing XINHUA in English 0714
GMT 7 Oct 93

[Text] Guangzhou, October 7 (XINHUA)—Construction of expressways in south China's Guangdong Province has been carried out on a broad scale this year. It is expected there will be about 200 km of expressways open to traffic by the end of the year.

According to Li Shaofeng, general manager of the Guangdong Expressway Company, over the next 15-20 years the province will invest 100 billion yuan to set up a 3,300-km-long expressway network.

The network will make Guangzhou its center and link up with all special economic zones and other major cities in the province.

So far, the province only has two expressways open to traffic: the Guangzhou-Foshan and Guangzhou-Huaxian roads. Three other expressways will be completed by the end of this year, which include 15-km north belt road of Guangzhou city, 122-km Guangzhou-Shenzhen expressway and 64-km Huizhou-Shenzhen expressway.

The Shenzhen-Shantou and Guangzhou-Zhuhai highways are still under construction and by the year 1995, about 300 km of the two highways will be open to traffic.

However, last year, Guangdong Province, although the first province to construct expressways in China and on a fast economic developing train, only had 22-km Guangzhou-Foshan expressway on service.

To ensure the smooth construction of expressways, the province has collected funds through multi-channels such as raising money from cities and counties, issuing securities, inviting domestic enterprises and financial organs to invest and attract overseas investment.

Officials of the local government of Guangdong said that among the investment in expressway construction, overseas funds make up 60 percent. The investors from the United States, Brazil, Malaysia, Iceland and Hong Kong have signed contracts or tentative agreements.

Guangdong, Hainan Secretaries Discuss Bus Service

HK0810074693 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 4 Oct 93

[Excerpts] The Haikou-Guangzhou Bus Service punctually went into operation at 0900 on 2 October. [passage omitted]

In mid-May of this year, Ruan Chongwu, Hainan provincial CPC committee secretary and governor, went to Guangzhou to meet with Xie Fei, Guangdong provincial CPC committee secretary, and Zhu Senlin, Guangdong

provincial governor. They discussed issues concerning the Haikou-Guangzhou bus service.

In early July, on the basis of this meeting, the relevant departments of Hainan Province and Guangdong Province reached an agreement on the cross-sea Haikou-Guangzhou bus service. [passage omitted]

Henan Works 'To Speed Up' Major Projects

OW0810004193 Beijing XINHUA in English 0012
GMT 8 Oct 93

[Text] Zhengzhou, October 8 (XINHUA)—While carrying out the state's economic macro-control policy, central China's Henan Province has focused attention and resources on major projects which weigh heavily with the provincial economy and has achieved initial success.

According to the Office of Major Project Construction, the province has made efforts to speed up the construction on tens of big items, and some of them have been completed and gone into operation.

Among them, Luoyang oil refinery with an annual capacity of five million tons is to be tested by the end of the year. The first phase of Zhongzhou aluminum plant, with annual output of 200,000 tons, has been put into production. And a section of a world-bank-funded highway, from Zhengzhou to Luoyang, will be opened before the end of this year.

Meanwhile, most ongoing projects are in smooth progress.

For instance, a power plant whose generating capacity boasts 600,000 kw and a thermal power station will put a generating set into production in two years. A feasibility report of Luoyang chemical fiber project, which could turn out 200,000 tons of polyester, has been ratified by the state.

Other large projects, including Beijing-Zhengzhou electronic railroad, Zhengzhou-Xinzheng expressway and Pingding Mountain mining area, are under construction.

CPC Appoints Wang Maolin New Hunan Secretary

HK0810061093 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 5 Oct 93

[Text] The provincial CPC committee held a meeting of party secretaries and heads of prefectures, autonomous prefectures, and cities as well as the officials responsible for provincial departments and bureaus yesterday afternoon.

At the meeting, Zhang Quanjing, deputy head of the Central Organizational Department, announced the CPC Central Committee's decision to reorganize the Hunan CPC Committee. Xiong Qingquan and the new secretary Wang Maolin delivered speeches at the meeting.

Zhang Quanjing said: In light of the central decision, Comrade Wang Maolin will become secretary of the Hunan CPC Committee, replacing Comrade Xiong Qingquan. Comrade Sun Wensheng will be deputy secretary of

the Shanxi CPC Committee and will be nominated as a candidate for governor of the province. In his speech, Zhang Qianjing fully affirmed Comrade Xiong Qingquan's work during his term of office. He also gave a brief account of Comrade Wang Maolin's background.

Zhang pointed out: The current changes in Hunan's CPC Committee leaders is a normal readjustment.

Comrade Xiong Qingquan delivered a speech at the meeting. Xiong said that he resolutely supported the Central Committee's decision and fully backed and welcomed Comrade Wang Maolin to work in Hunan. He said: When a man has reached the age of retirement, he must retire. This is one of our party's rules. He expressed gratitude to the cadres and the masses throughout the province for the support they have given to his work in the past. He urged them to support the work of the provincial party committee and strengthen study, unity, democratic centralism, and a clean administration under the leadership of Comrade Wang Maolin and to push forward Hunan's reform, opening up, and socialist modernization.

In his speech, Wang Maolin, the new secretary of the Hunan CPC Committee, hoped that leading cadres at all levels in the province could continue to maintain and carry forward the fine tradition of honesty and a clean administration. The leading body of the provincial party committee should play an exemplary role in exercising strict discipline and should overcome inertia and the mentality of complacency.

Wang Maolin urged leading cadres throughout the province to continue to take the lead in continuing to seek truth and carry forward the practical work style and to promote the mood of speaking the truth, doing practical work, going all out, and seeking practical results throughout the province. He also called on them to eliminate subjectivism, bureaucracy, and formalism.

The meeting was presided over by Chen Bangzhu, deputy secretary of the provincial party committee and vice governor.

Comrades responsible for the provincial party committee, the provincial people's congress, the provincial government, the provincial discipline inspection commission, the provincial Chinese People's Political Consultative Conference, and the provincial military district, along with veteran comrades, were present on the occasion.

NPC Law Enforcement Group Inspects Hunan

HK0610054393 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 4 Oct 93

[Text] Accompanied by Zhu Dongyang, Hunan provincial people's congress vice chairman, and others, a 13-member National People's Congress [NPC] law enforcement inspection group headed by Gu Linfang, NPC Standing Committee member and NPC Internal and Judicial Affairs Committee vice chairman, visited Hunan and inspected Hunan's social order comprehensive management work from 23 September to 3 October.

During its inspection of Hunan, the NPC group visited Changsha, Hengyang, Xiangtan, and Yueyang, where they listened to work reports made by the concerned provincial, city, and county departments; exchanged views with people's congress deputies at all levels, comrades in charge of the various government departments concerned, police officers and policemen involved in political and legal affairs work, as well as representatives of the broad masses of staff and workers; had extensive contacts with both cadres and ordinary people; and conducted an opinion poll on the social order management situation in Changsha City.

On the afternoon of 2 October, the NPC group met and exchanged views with a number of principal comrades in charge of the provincial party committee, the people's congress, and the government. The NPC group pointed out: Hunan Province has done a great deal of work and has made phenomenal achievements in social order comprehensive management work. Nonetheless, one should not be too optimistic about the situation, as there are still people who lack a sense of security in certain areas. Therefore, Hunan is still confronted with an arduous task of comprehensively implementing the central decision on strengthening social order management and other relevant measures to the letter. In view of this situation, leaders at all levels should try to heighten their understanding of the importance, protractedness, and urgency of social order comprehensive management work, implement the strategic ideology of simultaneously and firmly grasping two aspects, continually carry out the principle of severely cracking down on all major and serious crimes, give full scope to the might of the dictatorial organs, and deal a ruthless blow at criminals, who have become swollen with arrogance.

North Region

'Deadly Gas' Leaks From Site South of Beijing

HK0610103793 Hong Kong AFP in English 0851 GMT 6 Oct 93

[Text] Beijing, Oct 6 (AFP)—A cloud of deadly gas engulfed an area south of Beijing, killing or poisoning hundreds of people and forcing the evacuation of whole towns, officials in neighboring Hebei Province said Wednesday [6 October]. The gas, hydrogen sulfide, escaped from an oil drilling site on Tuesday of last week in Hebei's Songcheng Village, about 300 kilometers (185 miles) south of the capital, officials said when contacted by telephone.

At least 10 people died and hundreds of others were still being treated in several hospitals for poisoning, the officials said.

"All the villages around the area were evacuated," an official at one hospital said. "We've treated about 60 people for poisoning since the accident, but two other hospitals have many more patients."

The number of poisoned was put at more than 200. Risking their lives, Army anti-chemical units, police and

emergency medical teams rushed to the area, located in Zhao County, to carry out rescue efforts. Hebei Governor Ye Liansong, who sped to the area from nearby Shijiazhuang, the provincial capital, oversaw the rescue work.

Several villages and towns with tens of thousands of residents were completely evacuated after the accident, the exact cause of which was still undetermined, the officials said. An investigation into the cause was continuing, they added. Experts said it was rare that deposits of hydrogen sulfide, which has a rotten-egg smell, were hit during exploration.

The oil well belonged to the state-owned China National Petroleum Corp., where officials at the Beijing headquarters declined Wednesday to comment on the accident.

The leak was plugged 18 hours after the accident and most residents had already returned to their homes. Environmental protection officials said the danger of being poisoned was over after tests were carried out. Local residents, at first fearing for their lives, had calmed down, the officials said.

The accident was the latest in a series of industrial mishaps that have cast a shadow over China's work safety standards. The most serious accident occurred in August when two huge chemical explosions ripped through a dangerous goods warehouse in Shenzhen, a special economic zone bordering Hong Kong. The blasts left 16 people dead.

In a separate development, a major Zhongyuan oil field in Henan Province lost 360 tonnes of oil in the first eight months of the year because of theft and related fires, the Henan LEGAL DAILY said.

Two major oil fires in March and July left four people burned to death and 12 people seriously injured. The fires were caused by thieves stealing oil from the fields or pipelines, the report said.

Hebei Elects Government, CPPCC Members

SK0710140593 Shijiazhuang HEBEI RIBAO in Chinese 17 Sep p 1

[Text] Recently, Shijiazhuang, Handan, Xingtai, Chengde, and Cangzhou cities successively held people's congresses and the city Chinese People's Political Consultative Conference [CPPCC] meetings to elect new leading bodies of the people's standing committees, governments, and CPPCC committees of various cities.

The chairman of the Shijiazhuang City People's Congress Standing Committee is Xu Zenghou [1776 1073 0624]; the vice chairmen are Ma Shaozhong [7456 4801 1813], Li Xinheng [2621 2450 3932], Zuo Xishu [1563 0823 2579], Wang Zhongyi [3769 1813 5030], Zhang Changrong [1728 2490 2837], Ma Kuixi [7456 7608 6007], Fan Hengxin [2868 1854 9515], Zhang Pengfa [1728 7720 4099], and Yan Shuzhang [7051 2579 4545]; the mayor is Shen Zhifeng [3088 1807 1496]; the vice mayors are Zhang Erchen [1728 0059 6591], Liu Bofang [0491 0130 5364], Li Ronggang [2621 2837 0474], Hao Zhenyu [6787 2182 1342], Li Hongying [2621 1347 5391], Zhang Chenglu

[1728 2110 4389], Chen Qiming [7115 0796 2494], Yang Junqiang [2799 0193 1730], Ma Jing [7456 7234], and Yang Xinshi [2799 2450 0013]; the chairman of the city CPPCC committee is Fang Bingjun [2455 4426 6874], and the vice chairmen are Hu Jinming [5170 0193 2494], Wang Xiwen [3769 5045 2429], Chang Naiying [1603 0035 3853], Zhang Mugang [1728 1970 6921], Li Baocheng [2621 0202 6134], Ding Qingxuan [0002 3237 6513], He Siyong [0149 1835 0516], Guo Niangong [6753 1819 1872], and Yang Yaobo [2799 5069 3134].

The chairman of the Handan City People's Congress Standing Committee is Tian Yijie [3944 5669 2638]; the vice chairmen are Xing Shiwen [5887 1102 2429], Lan Hongji [5695 3163 1015], Yao Erchen [1202 0059 6591], Liu Baoshan [0491 1405 3790], Song Zhendong [1345 2182 2639], Huang Hanguang [7806 3352 0342], Ma Mengwu [7456 1322 2976], and Zhao Shiwen [6392 6108 2429]; the mayor is Tang Ruoxin [0781 5387 2500]; the vice mayors are Zhang Sanfa [1728 0005 4099], Yang Yongnian [2799 3057 1628], Duan Yaoguang [3008 5069 0342], Yan Fenyun [7051 7364 0061], Li Guangzhen [2621 0342 7201], Li Bujun [2621 2975 6511], Feng Wenhai [7458 2429 3189], He Zhishen [0149 1807 3234], and Li Jisheng [2621 4764 3932]; the chairman of the city CPPCC committee is Tian Zhijie [3944 1807 2638]; and the vice chairmen are Tang Shuzhang [0781 6615 4545], Chen Ziming [7115 1311 2494], Li Xishi [2621 6932 2514], Hu Mingcheng [5170 2494 6134], Yang Zhaojian [2799 5128 0256], Li Wei [2621 4850], and Jin Zhijia [6855 5267 0857].

The chairman of the Xingtai City People's Congress Standing Committee is Jia Changsuo [6328 7022 6956]; the vice chairmen are Cao Shuyuan [2580 2579 0337], Hao Zhihua [6787 1807 5478], Shi Xiubi [4258 0208 4310], Liu Qingjie [0491 3237 2638], Liu Zibin [0491 1311 2430], Yan Qingxiu [7051 1987 0208], Qi Xiuying [0047 4423 5391], Wang Xingyun [3769 5281 6663], Wang Yiming [3769 0001 7686], and Wang Jianming [3769 1696 2494]; the mayor is Zou Benzen [6760 2609 4176]; the vice mayors are Guo Gengmao [6753 1649 5399], Zhao Dengshun [6392 4098 7311], Yang Xiangrong [2799 3276 2837], Qi Yaozeng [7871 5069 2582], Zhao Yunqiu [6392 0061 4428], Dong Xiqi [5516 6932 4388], Sun Fang [1327 5364], Duan Gang [3008 6921], Liu Qingyun [0491 3237 0061], and Zhang Hongyi [1728 3163 5053]; the chairman of the city CPPCC committee is Wu Yingcai [0702 5391 2088], and the vice chairmen are Huang Taocheng [7806 2711 2052], Hu Qitong [5170 0366 2717], Lu Linchun [6424 2651 2504], Wu Wanlan [6762 1238 5695], Zhao Lin [6392 2651], Lu Xuesong [4151 7185 2646], Zhang Shulin [1728 2885 2651], and Chen Zhongtai [7115 0022 1132].

The chairman of the Cengde City People's Congress Standing Committee is Liu Aiguo [0491 1947 0948]; the vice chairmen are Guan Benshan [7070 2609 0810], Liu Shouzhai [0491 1343 1807], Yu Qiang [0060 1730], Yang Zhongyuan [2799 1813 0337], and Zhang Guozhao [1728 0948 6856]; the mayor is Liu Baoquan [0491 1405 0356]; the vice mayors are Sun Jianqun [1327 1696 5028], Liu

Zhibing [0491 1807 0365], Chang Xing [1603 1630], Li Jinghua [2621 2529 5478], Qi Xuchun [7871 4958 2504], Li Pengtu [2621 7720 0956], Sun Desheng [1327 1795 0524], Yu Shumao [0060 2885 5399], and Yuan Zhishan [0626 1807 1472]; the chairman of the city CPPCC committee is Li Junji [2621 0193 1015]; and the vice chairmen are Xie Yingkai [6200 2019 7030], Zhang Xu [1728 2485], Zhang Cheng [1728 6134], Chang Jiabai [1603 1367 2672], Li Yingxiu [2621 5391 4423], Sun Shangli [1327 1424 4409], and Bu Yanfu [0592 3601 4395].

The chairman of the Cangzhou People's Congress Standing Committee is Bai Qingan [4101 3237 1344]; the vice chairmen are Yi Jixin [0122 4949 2450], Jiang Shupe [1203 2885 1014], Zhang Runjiang [1728 3387 3068], Liu Shuting [0491 2885 1694], and Wang Jinjing [3769 2516 2417]; the mayor is Li Ruichang [2621 3843 2490]; the vice mayors are Bo Shaoquan [5631 4801 6898], Dong Shirong [5516 0013 2837], Du Runming [2629 3387 2494], Li Baoxian [2621 1405 6343], Wang Xuejun [3769 1331 6511], Wei Zhenzhong [7614 2182 1813], Wang Xiangling [3769 7449 3781], and Zhang Chunrong [1728 2504 2837]; the chairman of the city CPPCC committee is Ma Jingzhou [7456 2529 3166]; and the vice chairmen are Gao Yaolong [7559 1031 7127], Zhang Guoda [1728 0948 6671], Cheng Quan [4453 6898], Zhou Zhende [0719 2182 1795], Cui Qingcai [1508 1987 2088], Liu Yuncheng [0491 0061 2052], Zhao Zhenguo [6392 2182 0948], Hong Hecheng [3163 7729 2052], Niu Yuzhi [3662 3768 5347], and Yuan Baimin [0337 2672 3046].

Hebei's Qinhuangdao Airport Upgrades Capacity

SK0810014393 Shijiazhuang HEBEI RIEAO in Chinese 20 Sep 93 p 1

[Text] At 1130 on 19 September, a Boeing 737 passenger plane landed at the Shanhaiguan Airport, which marked the end to the airport's history of only accepting the take-off and landing of small passenger planes.

Since September 1992, Qinhuangdao city has invested 65 million yuan in the rebuilding and extension project of the airport and accomplished the project in one year. At present, the airport can permit the take-off and landing of large and medium-sized passenger planes and has restored flights to Guangzhou and Shanghai. There are three flights between Qinhuangdao and Guangzhou on every Tuesday, Saturday, and Sunday. There are two flights between Qinhuangdao and Shanghai on every Wednesday and Sunday. The airport will adopt active measures to open flights to cities across the country, such as Shenzhen and Chengdu.

Inner Mongolia Meets on End-of-Term Election

SK0810010493 Hohhot NEIMENGGU RIBAO in Chinese 16 Sep 93 p 1

[By reporter Zhang Zhaocheng (1728 0340 2052) and correspondent Han Tao (7281 3447): "Strengthen Party Leadership and Conscientiously Attend to the End-of-Term Election"]

[Text] On 15 September, the regional party committee held a meeting on the end-of-term election to make specific arrangements for the election for the next term of people's congresses, governments, and committees of the Chinese People's Political Consultative Conference [CPPCC] at banner, county, and sumu levels of the region.

Bai Enpei, deputy secretary of the regional party committee, presided over the meeting and made a speech. Yu Xinglong, vice chairman of the regional people's congress standing committee, expressed specific opinions on the major principles that must be upheld in the end-of-term election. Attending the meeting were Liu Zuohui, vice chairman of the regional people's congress standing committee, and Nai Deng, vice chairman of the regional CPPCC committee, and some members of the regional election committee.

The major task of this election is to elect people's congress deputies of 100 banners and counties (cities and districts) and 1,561 sumus and townships (towns) and to elect leading bodies of state organs at banner, county, sumu, and township levels.

It was pointed out at the meeting: In choosing and evaluating cadres, we should fully manifest the party's basic line and strictly adhere to the principle of making the ranks of cadres more revolutionary, younger, better educated, and professionally more competent; the principle of ensuring that cadres have both ability and political integrity; and the fundamental criterion of "being conducive to developing socialist productive forces, to strengthening the comprehensive strength of the country, and to improving the people's living standards." In choosing and evaluating cadres, we should determine if they are steadfast in politics, have a clear-cut stance, and consciously maintain unanimity with the central authorities at critical moments and in dealing with major issues of principle. We should also determine if they have the reform and pioneering spirit and have the ability to emancipate the mind, seek truth from facts, and creatively formulate their economic and social development strategies, plans, and objectives as well as specific measures of reform. We also should determine if their attitude and actions in executing government decrees are resolute and prompt, if their measures are effective, and if their achievements are obvious. We should never use a cadre who wavers in politics, lacks the sense of blazing new trails, and lacks the mass foundation.

It was stressed at the meeting: In conducting the end-of-term election, we should follow Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th CPC Congress and the First Session of the Eighth National People's Congress. We should elect the citizens who set an example in abiding by the Constitution and laws, make great efforts to serve the people, maintain close ties with the masses, represent the interests and the will of the people of all nationalities, and have the ability to participate in and discuss political affairs, as people's congress deputies at the banner, county, sumu, and township levels. In line with the principle of making the ranks of cadres more revolutionary, younger,

better-educated, and professionally more competent, and with the principle of making the ranks of cadres have both ability and political integrity, we should elect excellent persons of all nationalities, who are acknowledged by the masses as being steadfast politically in executing the party's basic line, being brave in carrying out reform and pioneering the road of advance, being honest and strict with themselves, dealing with concrete matters, seeking truth, and being outstanding in political performances, to leading bodies of the organs at the banner, county, sumu, and township levels.

It was pointed out at the meeting: During the end-of-term election, we must persist in strengthening party leadership, persist in democracy and the legal system, persist in representing the broad masses of people's deputies, and persist in the principle of overall consideration and all-round arrangement for promoting economic development. Party leadership primarily means political leadership; that is, the leadership over political principles, political orientation, major policy decisions, and the recommendation of major cadres to the organs of state political power. Party organizations at all levels and all party members should take an active part in the current end-of-term election and use their exemplary actions to bring along the masses to achieve success in the election. Party committees at all levels should not only manage the drawing-up of the plans for the end-of-term election, but also ensure the smooth implementation of the plans.

Guo Ziming, deputy director of the organizational department of the regional party committee, and Jia Fengbin, deputy director of the united front work department of the regional party committee, delivered speeches on strengthening the building of leading bodies at the banner and county levels, achieving success in the end-of-term election at the banner and county levels and in the end-of-term election of CPPCC committees at the banner and county levels, and making the nonparty personnel arrangement.

Tianjin Assigns Environmental 'Responsibility'

OW0710103093 Beijing XINHUA in English 0946
GMT 7 Oct 93

[Text] Tianjin, October 7 (XINHUA)—Despite the surging development of Tianjin's economy, China's third largest industrial city has kept its environment clean for a successive four years.

The gross domestic product of Tianjin, about 120 km east of Beijing, has been growing at an annual rate of 10 percent since 1990. However, studies find that there has been no increase in pollution and that the quality of the environment has been kept stable.

Last year, the total volume of waste air and smoke the city discharged registered decreases of 6.8 and 35.2 percent, respectively, from the previous year. The monthly presence of dust per sq km decreased by 2.21 tons from the figure of the previous year in urban areas. The quality of drinking water is still among the best in the country.

The secret to this pollution control is the responsibility system the Tianjin Municipal Government has arranged with the subordinate departments, localities and major factories since 1989.

Yesterday, Mayor Zhang Lichang handed 43 leaders of districts, counties and major factories responsibility papers that explicitly outline each unit's tasks in protecting the environment.

These leaders will turn in signed responsibility papers.

The city's network of environmental supervision now extends into each residential communities and work units.

A city official said that the protection of the environment is checked once every year and awards and punishments are duly meted out under the guidelines of the responsibility papers.

Northeast Region

Heilongjiang Secretary Meets Hong Kong Delegate

SK0810025993 Harbin HEILONGJIANG RIBAO in Chinese 18 Sep 93 p 1

[By reporter Dong Shi (5516 2514): "Secretary Sun Weiben Meets With Well-Known Overseas Chinese Entrepreneur Yao Meiliang"]

[Text] On the afternoon of 17 September at the office of the provincial party committee, Sun Weiben, secretary of the provincial party committee, met with Mr. Yao Meiliang, chief of the board of directors of the Nanyuanyongfang Group Company in Hong Kong and member of the National Committee of the Chinese People's Political Consultative Conference.

Mr. Yao is a well-known patriotic Overseas Chinese entrepreneur. He has brought 500 million yuan of capital to Mainland China and has run 17 enterprises, including a hotel, a light industrial product development plant, and an industrial manufacturing enterprise. Since 1983, he has also donated 67 million yuan to promote the motherland's cultural, educational, and propaganda undertakings. In 1992, he also donated 15 million yuan to Guangzhou's Zhongshan University to build the Chinese modern history research center named "Yongfang Building."

Sun Weiben welcomed Mr. Yao to conduct on-the-spot investigations in Heilongjiang and also briefed him on the province's natural resources and enterprise development situation. Sun Weiben especially hoped that patriotic Chinese would positively engage themselves in the technological transformation of large and medium-sized enterprises in the province, make investments in the province, and conduct cooperation with the province. He said: "The gate of Heilongjiang will always open wide to investors."

Mr. Yao, who had just returned from Daqing, said: "I have conducted on-the-spot investigations in northeast China for 20 days. Northeast China is better than expected. Particularly, Daqing has prospects for development."

Mr. Yao also earnestly suggested: Owing to the ties of languages and blood, Heilongjiang should pay more attention to the forces of the Chinese in Southeast Asia and widely conduct business invitation activities in Southeast Asia. He is willing to act as a go-between in this regard.

Present at the meeting were provincial leaders, including Shan Rongfan, Wang Xianmin, and Tan Fangzhi.

Heilongjiang Personnel Changes Reported

SK0710035493 Harbin HEILONGJIANG RIBAO in Chinese 18 Sep 93 p 3

[Excerpts] The following is the personnel appointment and dismissal namelist approved at the Fifth Session of the Eighth Heilongjiang Provincial People's Congress Standing Committee on 17 September:

Appointments:

Cui Mingshi [1508 2494 2514] was appointed deputy director of financial and economic office under the provincial people's standing committee.

Shen Genrong [3088 2704 2837] was appointed director of the provincial technical supervisory bureau.

Wang Xuechu [3769 1331 0443] was appointed vice president of the provincial higher people's court and member of the judicial committee.

Yang Jianxin [2799 1696 2450] was appointed vice president of the provincial higher people's court. [passage omitted]

Tang Honggang [0781 3163 1511], Liu Diansheng [0491 3013 0581], Liu Xingdong [0491 5281 2639], and Li He [2621 0735] were appointed procurators of the provincial people's procuratorate. [passage omitted]

Dismissals:

Zhang Cheng, Liu Fuhe, Li Xin, and Liu Xuefan were dismissed from their post of procurator of the provincial people's procuratorate. [passage omitted]

Heilongjiang's Shuangyashan Elects Secretary

SK0810015893 Harbin HEILONGJIANG RIBAO in Chinese 19 Sep 93 p 1

[Text] The Seventh CPC Congress of Shuangyashan city was held from 15 to 17 September, during which the city's new party committee and discipline inspection commission were elected.

At the first session of the seventh city party committee, Yang Yongmao [2799 3057 5399] was elected secretary of the new city party committee; and Zhang Xinyuan, Li Guixian, Yue Chongfu, and Zhang Wenshu were elected deputy secretaries of the new city party committee.

At the first session of the city discipline inspection commission, Zhang Zhaofeng [1728 6856 1496] was elected secretary of the new city discipline inspection commission.

Polymer Plant Construction Begins in Heilongjiang

SK0810013393 Harbin HEILONGJIANG RIBAO in Chinese 18 Sep 93 p 1

[Summary] Construction was begun on 15 September on the polymer engineering project of the chemical promoter plant at Daqing Oil Field, a key project affecting the stable production of crude oil in the Eighth and Ninth Five-Year Plan periods. Upon completion of this project, this plant will annually produce 50,000 tons of propene acylamine and polypropylene acylamine and become the largest enterprise of this kind in the world. Two sets of equipment were imported respectively from Japan and France. The total investment in this project is 2.85 billion yuan, and the project will be completed by the end of 1995.

Jilin Investigates 'Undisciplined' Party Members

SK0810025893 Changchun JILIN RIBAO in Chinese 25 Sep 93 p 1

[By reporters Zhang Yaping (1728 0068 1627) and Chu Hongjun (5969 4767 6511): "Discipline Inspection and Supervisory Organs Across Jilin Province Go All Out To Investigate and Handle Major and Appalling Cases"]

[Excerpt] Over the past year, the discipline inspection and supervisory organs across the province have persistently regarded the investigation and handling of unlawful and discipline-violating cases as a breakthrough in the anticorruption struggle and have firmly attended to the struggle. Thus, the province has made real achievements in punishing the corrupt and advocating administrative honesty. Statistics show that from 1990 to the first half of this year, the discipline inspection and supervisory organs across the province have investigated and handled 24,365 cases of discipline violation relating to party members and cadres; and punished 16,292 people, including 604 party members and cadres at or above the county and section level. Of the people punished, 5,433 received heavier penalties than being removed from their posts.

In front of the new situation of conducting reform, opening to the outside world, and developing the socialist market economy, the discipline inspection and supervisory organs at various levels have concentrated their efforts on investigating and handling the unlawful and discipline-violating cases relating to party and government leading organs, leading cadres, judicial departments, administrative and law enforcement departments, economic management departments, and their working personnel. Simultaneously, they also grasped the weak links in the case investigation work and cracked a number of major and appalling cases that can produce great impacts and wide repercussions. In only the first eight months of this year, the discipline inspection and supervisory organs across the province filed 3,040 cases and punished 1,626 undisciplined party members and cadres. Of them, 56 were party members and cadres at or above the county and section level; and 99 persons were sent to the judicial organs for further investigations. Some 9,240,600 yuan was retrieved for the state. [passage omitted]

Jilin Upgrades Helong County to City

SK0710144093 Changchun JILIN RIBAO in Chinese
19 Sep 93 p 1

[By Jin Yonglin (6855 3057 2651): "Helong Ceremoniously Celebrates Its Upgrading From County to City"]

[Text] On the morning of 16 September, more than 30,000 people of various nationalities in Helong ceremoniously met at Helong Gymnasium to warmly celebrate its upgrading from county to city. It is the sixth city of the county level under the jurisdiction of the Yanbian Korean Autonomous Prefecture ever approved by the State Council. Li Zhengwen, secretary general of the provincial people's congress standing committee, and Zheng Longzhe, secretary general of the provincial government, respectively, made congratulatory speeches at the meeting on behalf of the provincial people's congress standing committee and the provincial government.

Located at the northern foot of Changbai Shan and on the upper reaches of Tumen Jiang, Helong city faces the DPRK across a river. With a total length of 164.5 km along the border line, and with two ports, this city is one of the major windows of our province opened to the outside world. In this city, some 240,000 people of Korean, Han, Man, Hui, Mongolian, and five other nationalities live in compact communities. Of them, 63 percent are of Korean nationality. Helong has a long history, a vast territory, abundant natural resources, and attractive scenery. Thus, it has a very great potential for development.

After Helong is upgraded as city, the original Helong town will be abolished, and a neighborhood office will be established.

Liaoning Delegation Returns From European Trip

SK0610120993 Shenyang LIAONING RIBAO in Chinese
16 Sep 93 p 1

[Text] After satisfactorily winding up its visit to Romania, Hungary, and Finland, the Liaoning provincial government delegation, headed by Vice Governor Zhang Rongmao, returned to Shenyang on 10 September.

During the visit, Vice Governor Zhang Rongmao, on behalf of the Liaoning provincial government, signed an agreement with the government of Brasov District in Romania establishing friendly ties between Liaoning Province and Brasov District. He also signed an agreement with the government of Fejer County in Hungary on developing cooperative relations in the fields of economy and trade, science and technology, and culture and education, and exchanged views with vice minister of trade and industry and vice minister of agriculture and forestry in Finland on developing economic and trade cooperation between Liaoning Province and Finland.

When the delegation returned to Shenyang, it was met at Taoxian Airport by leaders of pertinent departments.

Northwest Region

Northwest 'Investing More' in Power Projects

OW0810082893 Beijing XINHUA in English 0634
GMT 8 Oct 93

[Text] Xian, October 8 (XINHUA)—Northwest China is investing more in building major power projects, following the completion of power generating units totalling 1.75 million kw last year.

Northwest China includes Shaanxi, Gansu and Qinghai provinces and the Ningxia Hui and Xinjiang Uygur autonomous regions.

Construction of the Liji Xia Hydroelectric Power Station, on the upper reaches of the Yellow River, is in progress. Four 400,000-kw generating units are to be installed at the station.

Power-generating units with a combined capacity of 3.11 million kw are expected to go into operation in northwest China by the end of this year.

Northwest China is endowed with rich coal, water and wind energy resources.

Construction sites for power facilities began to mushroom in 1986 under preferential policies of the central government that spell big benefits for the builders.

According to statistics, northwest China had power generating units totalling 14.417 million kw by the end of last year. These units generate an annual 60.093 billion kwh of electricity.

Hydroelectric power projects not only generate power but also help irrigate farmland and improve ecological conditions.

The latest plan drawn up by the Northwest China Power [Industry] Administration and the Northwest China Hydroelectric Power Exploration and Design Institute shows that China plans seven large and 12 medium-sized hydroelectric power stations at different altitudes on the upper reaches of the Yellow River, in addition to six hydroelectric power stations already built or being built.

When all these power stations go into operation, northwest China will have a new generating capacity of 15.74 million kw. They will be able to generate 57 billion kwh of electricity a year.

An official of the Northwest China Power Industry Administration said that people in northwest China are turning coal into electricity and transmitting power to other parts of the country.

In addition, preparations for building a number of thermal power plants is well underway.

By 1995, the official disclosed, northwest China's provinces and regions will be able to generate 69 billion kwh of electricity, sufficient to meet the needs of local industrial and agricultural production, with some left for transmission to other parts of China.

Shaanxi Governor Addresses Anticorruption Rally*HK0810073693 Xian Shaanxi People's Radio Network
in Mandarin 0500 GMT 6 Oct 93*

[Text] The provincial government held yesterday an in-depth anticorruption struggle mobilization rally, at which provincial Governor Bai Qingcai emphatically called for resolutely carrying out the arrangements made by the CPC Central Committee and the State Council, making a success of the provincial anticorruption struggle, and creating a favorable social environment for economic construction, reform, and opening up.

Comrade Bai Qingcai maintained in his speech: The majority of Shaanxi's cadres have been honest in performing official duties in the course of economic construction. Nevertheless, along with in-depth reform and opening up over the past few years, some leading cadres have begun to seek private gain by abusing their power and have become corrupt. Their behavior has seriously smeared the image of the party and the people's government, has damaged relations between the cadres and the masses, and has retarded the normal process of reform, opening up, and economic construction. Although it has yielded some initial results, the provincial anticorruption struggle still falls far short of the masses' expectations. In view of this situation, we must strive to further deepen the ongoing anticorruption struggle.

Comrade Bai Qingcai pointed out in his speech: During the ongoing anticorruption struggle, some comrades have become less confident, thinking that the ongoing struggle is actually a short-lived one and is going to achieve nothing in the end. They are worried that the ongoing struggle will soon end, with much having been said but little actually done. Some other comrades are worried that the ongoing anticorruption struggle will have a negative effect on the normal process of economic construction, reform, and opening up. Therefore, in order to make a success of and further the anticorruption struggle in the future, we must strive to heighten ideological understanding, clarify thinking, and unify understanding.

In his speech, Comrade Bai Qingcai also called for attaining the following goals during the anticorruption struggle before the end of this year:

1. Government cadres at and above the county or section level, especially those at the prefectural and provincial department level, should make tangible progress in honestly performing official duties and being strict with themselves;
2. Government organs or their affiliated departments should cease levying indiscriminate charges and should put an end to malpractices, such as going abroad on sightseeing tours at public expense;
3. The government organs and departments concerned should concentrate their efforts on investigating and handling major and serious cases and penalizing corrupt elements.

Provincial Vice Governor Xu Shanlin read out the "Opinions of the Shaanxi Provincial People's Government on Unfolding an Anticorruption Struggle in Near Future" at

yesterday's mobilization rally, which was presided over by provincial Vice Governor Wang Shuangxi.

Li Huanzheng, provincial party committee standing committee member and provincial discipline inspection commission secretary; Mao Shengxian, provincial people's congress standing committee vice chairman; Liang Qi, provincial Chinese People's Political Consultative Conference vice chairman; and provincial Vice Governors Liu Chunmao and Fan Xiaomei also attended yesterday's mobilization rally.

The mobilization rally was attended by a total of more than 300 people, including the leaders in charge of the provincial people's government departments as well as institutions directly under the provincial people's government, prefectural commissioners and city mayors, and leading comrades at and above the deputy provincial department director level from the Shaanxi-based central units.

Shaanxi Issues News Briefings Regulations*HK0710093193 Xian Shaanxi People's Radio Network
in Mandarin 0500 GMT 6 Oct 93*

[Text] In accordance with the spirit of two circulars issued jointly by the CPC Central Committee Propaganda Department and the State Press and Publications Administration on promoting journalistic ethics and prohibiting compensated news reporting and on holding news briefings in Beijing and in light of some successful experiences accumulated by fraternal provinces and municipalities in this regard, the provincial party committee propaganda department issued a circular yesterday on establishing a news briefing registration system with a view to tightening control over news reporting and public opinion orientation, on standardizing all types of news reporting activities, on rectifying journalistic malpractices, and on eliminating unnecessary news briefings.

The circular includes the following three regulations:

1. Before holding a news briefing in the Xian area, the units concerned should seek approval from, go through the relevant registration procedures at, and obtain a news briefing permit from the provincial party committee propaganda department. Units that hold a news briefing in the Xian area without obtaining such a permit in advance will be investigated and penalized accordingly;
2. Units that apply to hold a news briefing should first and foremost be legal persons and should go through the relevant registration procedures by presenting certain documents, such as a letter of introduction, a business license, an operation permit, and so on. They must also complete written applications. Units that apply to hold a news briefing to introduce certain new products and new technologies should also present the relevant product certificates and new technology certificates issued by the concerned departments at and above the provincial department level;
3. The news units should not send reporters to cover news briefings which are held without a news briefing permit. News units which violate this rule will be investigated and penalized accordingly.

The circular states that all the above mentioned regulations will go into effect on the day they are promulgated.

Jiang Zemin Meets Women Visitors from Taiwan
OW0710142093 Beijing XINHUA Domestic Service in Chinese 1124 GMT 7 Oct 93

[By reporter Duanmu Laidi (4551 2606 0171 1229)]

[Text] Beijing, 7 Oct (XINHUA)—Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC), Hu Jintao, a Standing Committee member of the Political Bureau of the CPC Central Committee, met with more than 150 women visitors from Taiwan in the Great Hall of the People this afternoon. The visitors are here attending the cross-strait exchange meeting on women's career and development.

Jiang Zemin quoted a word from Chinese classic "The Book of Changes"—similar sounds echo one another, and people with the same ideals have affinity for one another. He said: The Chinese people are of the same race and

language, the culture on both sides of the Taiwan Strait is identical, and our hearts are also linked to each other.

He said: The Moon Festival has just ended. As the saying goes, on festival occasions more than ever we think of our dear ones far away. It is meaningful for you to come to the mainland at this time. Wherever we Chinese go, we will take Chinese culture there. The cultural roots of the Chinese nation are indivisible.

Jiang Zemin said that it is the mutual aspiration of the people across the Straits to realize the peaceful reunification of the country and to make it strong. He hoped that women across the Straits will strengthen exchanges and unite still more closely in the future. He expressed his conviction that the Chinese nation is very promising.

Qian Qichen, Wen Jiabao, Chen Muhua, Wang Zhaoguo and Zhu Guangya were among those present at the meeting.

Mainland Journalists To Visit Counterparts*OW0710144193 Taipei CNA in English 1415 GMT
7 Oct 93*

[By Lillian Lin]

[Text] Taipei, Oct. 7 (CNA)—Two groups of Mainland Chinese journalists—one of press organization executives and another of senior editors and reporters—are expected to visit Taiwan before June 1994 at the invitation of the Straits Exchange Foundation (SEF), an official of the Mainland Affairs Council said Thursday [7 October].

The official said the SEF and its mainland counterpart, the Association for Relations Across the Taiwan Strait, had agreed to boost journalist exchanges at their April meeting.

Numerous Taiwan journalists have visited Mainland China, and a group of 18 mainland Chinese journalists were in Taipei last year.

SEF, Mainland Affairs Council, and Government Information Office executives met Thursday morning to set guidelines for such exchanges.

Two groups of Taiwan journalists of executive level are expected to visit Mainland China before the Lunar New Year in early 1994.

'Unofficial Exchanges' With ROK To Resume*OW0710142493 Taipei CNA in English 1337 GMT
7 Oct 93*

[By Debbie Kuo]

[Text] Taipei, Oct. 7 (CNA)—The Republic of China [ROC] is expected to set up a Taipei representative office in Seoul in the near future and resume unofficial exchanges with South Korea.

The ROC severed formal diplomatic relations with South Korea on August 24, 1992 after Seoul shifted diplomatic recognition from Taipei to Beijing.

Senior diplomat Lin Tsun-hsien, currently ROC Ambassador to Grenada, has been appointed the first ROC representative to Seoul, the Ministry of Foreign Affairs said Thursday [7 October].

Lin can probably assume his new post in Seoul in November or December, ministry officials said.

Lin, 63, a native on Taichung, Taiwan, graduated from the Political Science Department of National Taiwan University. He is also concurrently ROC ambassador to Dominica, Saint Christopher and Nevis, Saint Lucia, and St. Vincent and the Grenadines.

Other posts Lin has held at the Foreign Affairs Ministry included deputy director of protocol, director of East

Asian and Pacific Affairs, director-general at the Atlanta office of the Coordination Council for North American Affairs, and representative to Fiji.

Russian Official on Future Economic Ties*OW0810081693 Taipei CNA in English 0741 GMT
8 Oct 93*

[By Benjamin Yeh]

[Text] Taipei, Oct. 7 (CNA)—A Russian business leader said here Thursday that political situations in Moscow are "quickly stabilized," and called on local enterprises not to back away from doing business with his country.

Aleksey B. Remizov, president of the scientific-technique center Kami, described the current confrontation between reformists and hardliners as a mere "power struggle between legislative and administrative branches."

No matter what happens in Moscow, "or our country, there is no possibility of returning to either the communist or socialist systems that have been renounced by the Russian people," Remizov said in an interview with CNA.

"Russia must come through it political reform. There's simply no other way out," he said.

Remizov is also a member of Board of Directors of the Moscow-Taipei Economic and Cultural Coordination Commission, a nonprofit organization created to handle private exchanges between the two countries in the absence of official diplomatic ties.

Remizov said he was disappointed that Taiwan authorities have decided to postpone the first Moscow Taiwan festival until March. The event was originally scheduled for this month.

The festival will feature Taiwan movies, a Taipei Symphony Orchestra concert, a Kaohsiung Chinese music orchestra concert, and a Taiwan products show.

Remizov stressed ample business opportunities do exist between the two countries as "Russians are now interested in almost everything from footwear and garments to home appliances and personal computers."

Remizov also said that contrary to popular opinion, Russia is not on the brink of ruin. "Russia is a rich country even though it has been short of consumer goods for many years," he said.

The financial situation in Moscow is stabilizing as well, Remizov added. The ruble is now fully convertible and the daily turnover of foreign currency trading is around US\$100 million, he said.

The ruble was quoted at 1,299 against one US dollar when Russian President Boris Yeltsin dismissed the Parliament on Sept. 21. It has since steadily recovered to 1,169.

Remizov also called for closer industrial cooperation, particularly in high-technologies, between Russia and Taiwan. He said he believes Russia can supply the state-of-the-art industrial expertise Taiwan companies are seeking.

For instance, he said that at Kami's Center of Parallel Systems and Technologies, a group of specialists are developing a number of high quality, narrow-band voice compression algorithms. According to Remizov, the systems can be used in telecommunication systems suitable for state and military organizations as well as for commercial use.

Olympic President Arrives in Taipei for Visit

OW0710151393 Taipei CNA in English 1421 GMT 7 Oct 93

[Text] Taipei, Oct. 7 (CNA)—Juan Antonio Samaranch, president of the International Olympic Committee, arrived in Taipei Wednesday [6 October] for a three-day visit.

The Spaniard, who came on the invitation of President Li Teng-hui, was greeted by Tsiang Yien-si, the secretary-general to President Li, Education Minister Kuo Wei-fang, and Chinese Taipei Olympic Committee (CTOC) president Chang Feng-shu at Chiang Kai-shek International Airport.

Samaranch expressed happiness upon his arrival, saying he will visit high-ranking government officials and CTOC members during his stay. He previously visited the Republic of China [ROC] in 1982.

Hong Kong

XINHUA Official Criticizes Patten's Address

Continues to 'Create Obstacles' for Talks

OW0810115193 Beijing XINHUA Domestic Service in Chinese 0650 GMT 8 Oct 93

[Text] Hong Kong, 8 Oct (XINHUA)—Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY Hong Kong Branch, pointed out: In his recent policy address, Hong Kong Governor Chris Patten did not only fail to return to the principle that conforms to the Sino-British Joint Declaration, the Hong Kong Basic Law, as well as the agreements and understandings already reached between China and Britain, and serves as the basis for Sino-British talks; but also continued to create obstacles for the talks.

In answering Hong Kong reporters' questions at a public occasion yesterday, Zhang Junsheng said: The "political reform program" introduced by Patten has provoked a year-long controversy, disturbed Hong Kong society, and caused a certain impact on the Hong Kong economy; but the new policy address still did not break away from the erroneous stance that constitutes "three violations." The British side should take responsibility if no agreements were reached at the Sino-British talks on arrangements for the 1994/95 elections because of this.

Commenting on the deadline set for the Sino-British talks in the policy address, Zhang Junsheng said: If this shows Britain is willing to give up its erroneous stance and reach an agreement with China within this time limit, China would welcome it and believe an agreement would be reached very soon; but if Patten still stubbornly sticks to the "three-violations" stance and tries to apply pressure on China by setting a deadline for the talks, he will achieve nothing.

Zhang Junsheng also expressed his hope for an early settlement to the issues of the new airport construction and the No. 9 container wharf mentioned in the policy address. But he pointed out that the problems were caused by Britain's failure to strictly abide by the Joint Declaration and the Memorandum of Understanding the two sides had reached on the airport issue.

Commenting on Patten's policy address statement that he will arrange for department-level officials to serve through the 1997 transition, Zhang Junsheng solemnly pointed out: The transition of department-level officials is to be governed by the provisions of the Basic Law, with relevant officials being nominated by the future administrative chief of the Hong Kong Special Administrative Region for appointment by the Central People's Government. He asked this question in reply: What authority does Patten have to make this arrangement?

At an earlier public occasion, Zhang Junsheng also expressed his hope that the Hong Kong governor would honor his policy address statement that he would attach importance to Sino-British relations. He pointed out: In his first policy address a year ago, Patten also said he wanted to strengthen cooperation and negotiations with

China; in the past year, however, Sino-British relations not only showed no improvement but were damaged instead. I hope the British side would truly return to the Sino-British Joint Declaration, to the principle of convergence with the Basic Law, and to the basis of existing agreements and understandings, and properly handle Sino-British relations during the final transitional period.

Urged To 'Change His Stance'

OW0810091093 Beijing XINHUA in English 0853 GMT 8 Oct 93

[Text] Hong Kong, October 8 (XINHUA)—The British side should take responsibilities if no agreements were reached between China and Britain due to Governor Chris Patten's defiance of the agreements reached between the two countries.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, told reporters Thursday that Patten mentioned no word about the basis of the three principles for the Sino-British talks in his policy address delivered Wednesday.

The three principles are the Sino-British Joint Declaration on Hong Kong, convergence with the Basic Law of the Hong Kong Special Administrative Region and agreements reached between China and Britain.

This shows that Patten is unwilling to change his stance, which violated the three principles, challenged the Sino-British cooperation and caused controversy between the two countries, Zhang said.

Meanwhile, Zhang said, Patten set a deadline for the current Sino-British talks in his Wednesday policy address by saying "we now have only weeks rather than months to conclude these talks."

"If this shows that Patten wants to change his stance and return to the three-principle basis, the Sino-British talks can soon come to an agreement. This certainly deserves a welcome," he said.

"However, if Patten sticks to his stance and tries to put pressure on the Chinese side, he will achieve nothing," the deputy director said.

Warned Not to 'Put Pressure' on PRC

HK0810093293 Hong Kong WEN WEI PO in Chinese 8 Oct 93 p 11

[Unattributed report: "Zhang Junsheng Says the British Should Be Held Responsible for Chris Patten Clinging to Three-Violations Stand"]

[Text] At a painting exhibition yesterday afternoon, Zhang Junsheng, deputy director of the XINHUA News Agency Hong Kong Branch, criticized Chris Patten for not showing any intention of abandoning his incorrect "three-violations" position in his recently delivered Policy Address. He said that Patten is not willing to return to the "three-conformities" principle which is the foundation for the Sino-British talks and even continues to place new obstacles in the way of the talks. Zhang Junsheng said the

British side should be held responsible if no agreement is reached in the Sino-British talks over the 1994 and 1995 election arrangements as a result of this. He also reminded Patten that he will not succeed if he wants to put pressure on China by setting a deadline for the Sino-British talks.

Yesterday afternoon, Zhang Junsheng attended the opening ceremony for a painting exhibition held by painter Xu Jiang from Zhejiang, in the Central District, Hong Kong. Answering reporters' questions, he said: Everybody heard Patten's Policy Address, the second one he has given since he assumed the governorship of Hong Kong. Hong Kong residents have a very clear idea of Hong Kong's situation over the past year. Last year, in his first Policy Address, Patten came up with the so-called "political reform proposals" which run counter to the Sino-British Joint Declaration, to the principle of converging with the Basic Law, and to the understandings and agreements reached between China and Britain. They also challenged Sino-British cooperative relations and thus started a protracted argument which has continued for a year.

Zhang Junsheng added: The argument started by Patten has caused a lot of fluctuations in Hong Kong society and a lot of division in society over the past year, affecting Hong Kong's economy to a certain degree. If Patten had not come up with the "political reform proposals last year," but had strictly complied with the Sino-British Joint Declaration and safeguarded the good cooperative relations between China and Britain, Hong Kong's economic development would have been much better over the past year.

Zhang Junsheng said: In the Policy Address he gave yesterday, Patten did not show any intention of discarding his incorrect "three-violations" position. He is unwilling to return to the "three-conformities" principle which is the foundation of the ongoing Sino-British talks. Zhang Junsheng stressed that the "three-conformities" foundation was affirmed at the news briefing by both the Chinese and British sides at which they announced they would hold talks on the 1994 and 1995 election arrangements.

Zhang Junsheng added: Everybody can see from this that, to date, Patten has had no intention of discarding his incorrect "three-violations" position. If no agreement is reached in the Sino-British talks on the 1994 and 1995 election arrangements as a result of Patten's not wanting to discard his incorrect position, the British side should be held responsible.

Regarding the question of Patten setting a deadline for the Sino-British talks in his Policy Address two days ago, Zhang Junsheng said: If this shows that within the deadline, Patten is willing to discard his incorrect position, return to the "three-conformities" foundation, and reach agreement with the Chinese side, then the Chinese side welcomes this. If so, we will be able to reach agreement very soon. However, by making this move he does not want to discard his incorrect position but is stubbornly sticking to his "three-violations" position and merely

intends to put pressure on the Chinese side by setting a deadline. He will not succeed because this will be a vain attempt.

Regarding the question of the new airport construction and the question of Container Terminal 9 mentioned in his Policy Address, Zhang Junsheng said: Whether the problem of the new airport construction, or the container terminal, or whatever, these were all caused by the British side when they did not strictly abide by the Sino-British Joint Declaration and did not strictly implement the Memorandum of Understanding reached between China and Britain on the airport. In order for these questions to be resolved as soon as possible, the British side should come up with a reasonable proposal for discussion with the Chinese side which conforms to the relevant provisions of the Sino-British Joint Declaration and to the Memorandum of Understanding on the airport.

Regarding the fact that, in his Policy Address, Patten asserted that he would do his best to arrange for the smooth transition of officials at the policy secretary level to 1997, Zhang Junsheng said: "He (Patten) has no say on this matter whatsoever." The question of how the transition of secretary-level officials should be done must conform to the provisions of the Basic Law. They will have to be nominated by the chief executive of the special administrative region and then be appointed by the central people's government. In replying to the question, Zhang Junsheng asked the reporter: "What power does he have to arrange for the transition of secretary-level officials to 1997?"

A reporter asked whether it was feasible for Patten to revise the electoral method for functional constituencies in exchange for the smooth transition of secretary-level officials to 1997, when Zhang Junsheng criticized Patten for disclosing some contents of the talks in his Policy Address regardless of his promise that the Sino-U.S. talks on the 1994 and 1995 election arrangements should be kept secret. He said: Patten said he made a little revision to such questions as functional constituencies and the Election Committee. But it is not now a question of a little revision. He should return to the Sino-British Joint Declaration, to the principle of converging with the Basic Law, and to the foundation of the understandings and agreements reached between China and Britain.

Zhang Junsheng stressed: "The problem cannot be resolved by making just a little revision without returning to the 'three-conformities' foundation." He added: "The so-called 'through train' question and the other questions are new obstacles placed by the British side in the way of the talks at this time.

Regarding the above questions, Zhang Junsheng said that he had talked about them many times before and Chinese Vice Premier and Foreign Minister Qian Qichen also talked about them in New York and that everybody knows them.

Editorial Attacks Patten's Policy Address*HK0810062093 Hong Kong WEN WEI PO in Chinese
8 Oct 93 p 2***[Editorial: "The 'Ultimatum' Has Been Extensively Attacked"]****[Text]** In his second policy address, Patten announced his "ultimatum" and indicated that the talks would come to an end in a number of weeks. Patten's policy address was obviously a challenge to the Sino-British Joint Declaration, to the Basic Law, and to Sino-British cooperation.

Although the British Conservative Party was holding its annual meeting, the editorials of the major British newspapers still commented on Patten's policy address, and pointed out that Patten would "certainly be at a disadvantage" if he attempted to be antagonistic toward China in the late transitional period because he was "in any case constrained by the 1984 Sino-British Joint Declaration." Some British newspapers said that his policy would push Sino-British relations to a nadir and bring "dangerous uncertainty" to Hong Kong.

In Hong Kong, people of all walks of life and various newspapers criticized Patten's policy address more strongly. They pointed out: "The policy address did not relax Sino-British relations." "Hong Kong people can hardly set their minds at rest if the political disputes are not resolved." "He puts himself into a dilemma by setting a deadline for the talks." "If the ultimatum is indeed Patten's timetable, 'being full of sincerity' is just another lie."

The interests of Hong Kong people lie in a smooth transition and the implementation of "one country, two systems" according to the Basic Law. Britain's long-term interests lie in the honorable ending of its colonial history, the implementation of the Sino-British Joint Declaration with good will, and the smooth transfer of government to China. Then, it will be able to strengthen cooperation with China and develop its economic interests and trade on the basis of mutual benefit. However, Patten acted against people's wishes, so it is quite natural that he was criticized by public opinion in Britain and in Hong Kong.

The Joint Declaration explicitly specifies that Hong Kong must be returned to China in 1997 and be governed in the light of the Basic Law. This is a historical process that no one can resist. Patten has tried to challenge China's sovereignty by unilaterally pursuing so-called constitutional reform. He has tried to place the anti-China forces he has carefully fostered in a dominating position in the power structure according to the constitutional blueprint he has drawn up so that such a power structure might be extended beyond 1997. This was an extremely absurd idea. From the very beginning, he was doomed to fail in legal terms. As for actual strength and influence, he also ridiculously overrated his own strength, like an ant trying to topple a giant tree. On 1 July 1997, "constitutional reform" without China's endorsement will immediately become invalid together with the Letters Patent.

Colonial rule is a setting sun. Will Patten still be able to prolong the remaining sunset glow of colonialism by unilaterally arranging "constitutional reform"? When Patten read the "Conclusion" of his policy address, he clenched his fist and said in an inciting manner: "If we are not prepared to stand up for Hong Kong's way of life today, what chance of doing so tomorrow?" "I must and will stand up for our system." "I say that we can only be as bold as you." Patten has tried hard to slander China, incited Hong Kong people's doubts and misunderstandings of the motherland, the Basic Law, and China's policy toward Hong Kong, and created an atmosphere of confrontation in order to tie Hong Kong people to his war chariot. His attempt will be to no avail. From Deng Xiaoping's speech in 1982, everyone can see that recovering Hong Kong, maintaining the capitalist system in Hong Kong, and preserving Hong Kong's prosperity and stability is China's established policy. This is not something bestowed by the British colonialists. The Basic Law has brought democracy to Hong Kong, and it enables Hong Kong people to elect the chief executive and a Legislative Council of a nonconsultative nature for the first time after China recovers sovereignty over Hong Kong. However, Patten has tried to claim credit for other people's achievements, and tried to mislead Hong Kong people into believing that only his package could bring democracy to Hong Kong. In the "conclusion" to his policy address, Patten said: "We do not yet have full democracy here in Hong Kong." In fact, Patten himself is not an elected governor, but a governor appointed by the suzerain government to the colony; he has also arbitrarily changed Hong Kong's political structure and appointed people to the Legislative Council. What democracy can come with him? He is just trying to dominate the fate of Hong Kong people, and trying to select, appoint, and support a number of trusted pro-Britain and anti-China people to govern Hong Kong beyond 1997. How can this be "open, fair, and acceptable to Hong Kong people"? Is it not very ridiculous that a governor of a colony tried to play the part of a "champion of democracy" in his policy address?

The Chinese Government always stands for the principle of developing democracy gradually, and has promulgated the Basic Law to guarantee Hong Kong's existing systems and Hong Kong people's current lifestyle. Does all this require Patten to "stand up for" by clenching his fist? In fact, it is Patten who has tried to preempt China by substantially changing and reforming the effective political and legal systems in Hong Kong. Hong Kong people can clearly see whether his reform package alters and damages Hong Kong's original political system or "stands up for" the executive-led political system in Hong Kong. It is obvious that he has damaged the original political system and damaged its convergence with the Basic Law, but he still shamelessly said that he "stood up for" Hong Kong's systems. It is obvious that he has incited people to resist China's recovery of sovereignty, but he still trickily argued that "no threats are posed against China." Confounding black and white is precisely a major characteristic of this policy address.

The "conclusion" of the policy address gives clear expression to the position of the ultimate goal of Patten's confrontation in his policy. He has had many opportunities to make contributions to the success of the talks, but he has taken the opposite course and set up obstacles to the talks again and again and created unrest and suspicion in an attempt to cause confusion and to play tricks in the interests of the colony and for the extension of colonial rule.

If Patten submits his political reform package to the Legislative Council, this will indicate that he is flagrantly strangling the Sino-British talks, and also violating the specifications of the Sino-British Joint Declaration on the two sides' cooperative handling of affairs in the transitional period through consultations. His purposeful move of creating chaos will make Hong Kong's smooth transition impossible, and the interests of the Hong Kong residents will be affected. Of course, this will also inevitably cause a retrogression in Sino-British relations. If the political structure cannot converge with the Basic Law and

if this issue cannot be solved through friendly consultations as the Joint Declaration specifies, Patten must bear the responsibility for this. He talks a lot about improving Sino-British relations, but he has not shown any sincerity or taken any action for such improvement. Who will believe him, no matter what high-sounding remarks he makes?

Correction to Patten Answering Councillors' Questions

HK0810043293

The following correction pertains to the item headlined "Governor Answers Councillors' Questions," published in the Hong Kong & Macao section of the 7 October China DAILY REPORT, pages 53-56:

Page 54, column two, only full paragraph of column, fifth sentence, make read: ...and, if possible, wants those arrangements to be acceptable to China.... (changing "once" to "wants," adding word "to")

END OF

FICHE

DATE FILMED

12 Oct 1993

